

**SEAPORT SECURITY, CARGO INSPECTION, AND
HAZARDOUS MATERIALS TRANSPORTATION**

FIELD HEARING

BEFORE THE

SUBCOMMITTEE ON SURFACE TRANSPORTATION
AND MERCHANT MARINE

COMMITTEE ON COMMERCE, SCIENCE,
AND TRANSPORTATION
UNITED STATES SENATE

ONE HUNDRED SEVENTH CONGRESS

SECOND SESSION

JANUARY 11, 2002

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ONE HUNDRED SEVENTH CONGRESS

SECOND SESSION

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SEAPORT SECURITY, CARGO INSPECTION, AND HAZARDOUS MATERIALS TRANSPORTATION

FRIDAY, JANUARY 11, 2002

U.S. SENATE,
SUBCOMMITTEE ON SURFACE TRANSPORTATION
AND MERCHANT MARINE,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
Houston, TX.

The Subcommittee met at 1:30 p.m., in Courtroom III, University of Houston Law Center, the Hon. John B. Breaux, Chairman of the Subcommittee, presiding.

OPENING STATEMENT OF HON. JOHN B. BREAUX, U.S. SENATOR FROM LOUISIANA

Senator BREAUX. The Subcommittee on Surface Transportation and Merchant Marine will please come to order.

Good afternoon to all of our guests and to our witnesses who will be appearing before our panel this afternoon. My name is Senator John Breaux, and I am from your neighboring State, over in Louisiana. I am very delighted to be able to be here in Houston this afternoon with my colleague in the U.S. Senate, Senator Kay Bailey Hutchison, who I serve with on the Senate Commerce Committee and this Subcommittee, and my good friend Congressman Nick Lampson, who is on the Transportation Committee over on the House side, which has jurisdiction over this subject matter over in the House of Representatives.

I want to thank and express my appreciation to the University of Houston for allowing us to use their wonderful facility this afternoon to have this hearing. I would also like to express my appreciation and thanks to all of those who have helped make our Subcommittee's trip to Texas as easy and as pleasant as it has been so far, and particularly the commissioners and officials of the Port of Houston, who hosted us this morning on a visit throughout the port.

We actually boarded a vessel and toured port facilities. I was not totally surprised to note that Port of Houston's vessel was larger than the Port of New Orleans' vessel; I sort of expected that. You have got to have a bigger boat than we have and you have a world-class port here in Houston.

The Subcommittee has spent the last 3 days touring three of the major ports in this country to talk about port security. We were in Port Everglades in Florida the day before yesterday. We had a field

hearing there and then moved our Subcommittee to New Orleans, where we toured the Port of New Orleans and met with local officials and Federal officials as well, to understand what their concerns and problems and priorities are in the area of port security.

And today, we conclude our Subcommittee's 3-day trip here at the Port of Houston to hear about your concerns and what we as a Federal Government can do to help ensure greater security to the port systems of this great country.

America is a different country since September 11 in terms of how we look at security and our concerns about security. In the past, much of the concerns about ports has been the question of drug smuggling, the question of crime at the ports. But today, there is also a third addition, and that is the dangers from potential threats from terrorists which, obviously, would look at the ports of this country as a potential target if they were inclined to pick one area in which they could inflict severe damage if they were so inclined.

Like my port in New Orleans, your port in Houston is a multi-purpose port with a lot of hazardous materials that come in and exit that port everyday and lot of very volatile materials are imported and stored in your port facility and are surrounded by a very populated area—much like the Port of New Orleans is, as well. So I think that the fact that we are looking at this issue today is extremely important.

We in the Congress have begun to address this issue. Incidentally, it was done before 9/11, when we introduced a bill that I had originally sponsored along with others on the Senate Commerce Committee, and have been joined by Senator Hutchison in her sponsorship. That really started us looking at port security from the standpoint of not terrorism, but, basically, looking at it from the question of what we do with criminal activity and drug smuggling. The bill obviously was expanded and changed and modified after 9/11 in order to address the question of terrorism.

Just as a quick outline, I would like to say that the bill basically does a number of things, and we want to hear what you think about it. We are here not to tell you what to do but to, rather, listen to your ideas and thoughts and suggestions to try and incorporate those ideas into the legislation. We are in this together. It is not just the Federal Government. It is not just State Government or local government. It is not just the Coast Guard. It is all of us.

One of the things we want to make sure of is that there is a comprehensive plan that allows all of us to work together and to have someone in charge; when everyone is in charge, more times than not, no one is in charge, so it is very important that we have a system that allows us to coordinate our activity in this very important area.

The Port and Maritime Security Act, as I said, has already passed the U.S. Senate, but is not too late to change it. Nick and I were talking about his efforts in the House and how they are going to be working on it in his Committee. And things that we did not catch in the Senate can be added in the House—or changed or modified—and go to conference with the Senate.

The legislation basically requires that the local port will have security committees established to do this coordination that I was speaking of to make sure that the ports are looking at how they are going to coordinate their activities. It mandates for the first time ever that all ports in this country have a comprehensive security plan. Some ports do not. Some ports have plans that deal with drug smuggling but not the question of security and access to the ports and who is in charge of the ports in terms of security.

The bill would require not a plan coming out of Washington but, rather, a plan that is developed at the local level for the particular needs of that particular port; the needs of the Port of New Orleans may not fit the Port of Houston. So having the Coast Guard as the lead in trying to develop a comprehensive security plan for each port is part of our legislation. It requires ports to limit activity to sensitive areas within their ports.

I happen to believe that we no longer can have free and unfettered access by anyone at any time and any place to enter into sensitive areas within a port. Times have changed, and I think the needs and requirements are going to be different.

It requires that ships electronically send their cargo manifests to a port before they gain clearance to the port. We want to know what is on those ships, who is on those ships and what they are carrying before they gain access to our ports. We want to improve the reporting of crew members and passengers and imported cargo on those ships and want to have more information and better data in that regard.

The bill creates a Sea Marshal program, which we worked with yesterday in New Orleans, boarding a ship with a Coast Guard Sea Marshal that accompanies River Pilots when they join the ship outside of the port. River Pilots are not law enforcement people; they are navigators and Captains of the ship that is under their command. But you need someone on that vessel when it enters a port's zone in order to ensure that what they say they are carrying they are and who they say they are, they in fact are those people. Sea Marshals can help provide that assurance.

It also recognizes that ports have some economic problems trying to meet these new security requirements. The legislation has authorized \$703 million of grants to local ports like the Port of Houston and like the Port of New Orleans to help the ports around the country with extra money that they are going to need in order to establish new security arrangements within their ports.

In addition, it provides \$3.3 billion in loans to seaports. They are Government-guaranteed loans which would allow the port to, maybe if they need to, borrow money at a better rate of return in order to, in fact, improve some of their security personnel requirements within the port.

The final thing it does is to authorize additional spending for research and development of cargo inspection technology. Millions and millions of cargoes come into our ports every day, and very little of that is inspected. We need to do a better job.

Less than 2 percent of the cargo that comes into the United States is actually inspected. We don't necessarily know what is in the millions and millions of containers that come into our ports

every day, and we need to do a better job. That is expensive, that is tough and that is difficult.

If we opened every container that came into the Port of Houston and physically inspected it, that would stop traffic in this port and almost destroy the viability of this port. If we want to know if there are better ways other than that to find out what is in it, I think the answer is yes. Admiral Allen and I were talking earlier about perhaps knowing more about what is put into the container before it gets to this country in order to better find out whether in fact it is being loaded properly at the port that it is originating from.

So that is sort of a summary of what the legislation does. We want to hear from some of the folks that will be with us. I think that this morning's visit was very, very helpful, and I cannot thank my colleagues from Texas enough to express my appreciation in helping them and playing a leadership role. I know that Kay has done that in the Commerce Committee, where we serve together, in this area. And it has been a pleasure to work with her.

I sort of jokingly said that I was happy to come over to Texas to see what she has been doing with all of the things that she has stolen from Louisiana and see how they are using it over here. But they are a very friendly rival. And it is a pleasure to join her and have her join us here in her State of Texas.

So, Senator Hutchison, any comments? Let me get back my stuff.

**STATEMENT OF HON. KAY BAILEY HUTCHISON,
U.S. SENATOR FROM TEXAS**

Senator HUTCHISON. I told Senator Breaux earlier that I knew he was coming over here to steal ideas to take back to New Orleans.

Senator BREAU. I am trying to take the port back.

[Laughter.]

Senator HUTCHISON. Seriously, I do want to thank Senator Breaux. Senator Breaux is Chairman of the Surface Transportation and Merchant Marine Subcommittee of the Commerce Committee. I was the Chairman before he was and really loved that Subcommittee. Now I am the Ranking Member of the Aviation Subcommittee, and worked with Senator Breaux on the Aviation Security bill. But now, I think, we must start being proactive on transportation security rather than responding to crises.

We are definitely in response mode on aviation, but I think we can do better in port, rail, and highway security if we will look ahead to see what our vulnerabilities are. That is exactly what the bill that I am co-sponsoring with Senator Breaux will do, and that is: Ask the ports from around the country to submit a plan. We will have in the bill the authorization for funding to help the ports implement the plans that they submit after they are approved.

I think there are two good things that can happen from this. One is we will know what the local authorities need. Second, I think when we see all the different plans, it might help give us ideas for other areas where we can improve safety. I think this can be a learning tool for all of us to use, but the bottom line is we are trying to be proactive and close the loop-holes before someone harms us.

I am very pleased that we are being hosted by the University of Houston Law School; this is one of our great law schools in the State. I am very pleased that they were able to accommodate us and make us part of their ongoing outreach effort.

Let me say that I think it is important to look at the Port of Houston in a different way from many of our other ports. And that is—of course, we are the largest in foreign tonnage. Therefore, security is going to be paramount. Also, we have the largest fuel refining facility in the United States right in this area, and I think it becomes a national security issue to protect our energy supply.

I am very concerned about the effect of any kind of disruption of our energy supply on our overall economy. Everyone knows that in order to win the war on terrorism, we must have a robust economy. Protecting our energy supply and our petrochemical plants as a part of that is another reason that we need to focus on security at the Port of Houston.

I am very pleased in the tour of the port we had this morning. I have taken it before, as I am sure every self-respecting Texas office-holder would have, but I am always amazed, because I always find something new, and I see how much our port has grown through the years. I think that what we saw today—just in observation, there are some things that we can do to improve port security here and I know will be part of the plan submitted by the Port of Houston.

I would like to thank the Chairman for bringing the hearing here. I again want to thank the Port of Houston for hosting us this morning and for doing the great job that they always do. We are very pleased to have the Admiral from the Coast Guard, who is responsible for this area which is so very important to us, and the Customs office and all of those who are affected by port security. Thank you all for being here; we look forward to learning from you here today.

Senator BREAU. Thank you, Senator Hutchison.

And now, we will hear any comments that Congressman Nick Lampson might have.

Nick, good to have you.

**STATEMENT OF HON. NICK LAMPSON,
U.S. REPRESENTATIVE FROM TEXAS**

Representative LAMPSON. Thank you, Senator Breau.

First of all, I want to certainly thank Senator Breau and Senator Hutchison for allowing me to participate in the Surface Transportation and Merchant Marine Subcommittee field hearing on seaport security here in Houston. I really commend both of you on your leadership and the work that you have done in the Senate in Washington for our Nation. And I am particularly pleased that you came to Houston, and let this be at least one of your three stops.

The 9th Congressional District stretches from—

Senator HUTCHISON. We saved the best for last.

[Laughter.]

Representative LAMPSON. Indeed. We will double-team you if necessary to get anything back that you try to take away from us. You know, there are a lot of people who say, "Senator, there are more

people in Port Arthur that are Cajun than there are of those in Lake Charles.”

[Laughter.]

Senator BREAUX. That may be true, but they always come back. Representative LAMPSON. They like it so far.

This district that I represent stretches from here in Houston over to the Galveston/Texas City area and up the coastline of the Texas/Louisiana border at Beaumont and Port Arthur. And there are six ports within the congressional district and a number of other ports in very close proximity to the congressional district.

As a Member of the House Transportation and Infrastructure Committee, I can tell you that we are indeed working hard in Congress to ensure that our ports and our waterways are safe and secure, especially in light of the tragic events of September 11. And I know that this outstanding group of witnesses is working hard, also, and I look forward to hearing what they have to say today.

On September 24, the House Transportation and Infrastructure Committee requested that the Secretary of Transportation establish a rapid-response team to develop ways to reduce the vulnerability of our seaports to terrorist attacks. And, specifically, the Committee leadership asked Secretary Mineta to provide suggestions for immediate action that may be necessary to improve seaport security.

On December 6, in his testimony before the House Subcommittee on Coast Guard and Maritime Transportation, the Secretary spoke of the need to identify ports of national and strategic significance and perform full-scale vulnerability assessments. And I agree that this is an essential factor of our Nation's maritime security response to the new threats that we are facing.

As you know, Southeast Texas houses a significant portion of our Nation's petrochemical industry. In the wake of September 11, leaders of the petrochemical industry and the maritime industry have been working with port personnel and law-enforcement agencies to institute higher security measures and to ensure the continued safety and security of our ports.

One only needs to look at the example of Texas City—and that is right in the yard of which Kay Bailey Hutchison grew up—where more than 500 people died after two freighters containing ammonium-nitrate fertilizer exploded in 1947, to understand the deadly consequences of inaction.

Both the Port of Beaumont and the Port of Texas City handle high volumes of hazardous materials from the petrochemical industry; in addition, the Port of Beaumont is home to a military traffic management and control facility that handles large volumes of military cargo. And the Port of Galveston operates as a hub for the cruise ship industry in Southeast Texas, and it is also at considerable risk to terrorist attacks given its high passenger volume.

Well, some of the things that I hope from the gentlemen who are going to make their presentations today have to do with the resources specifically of the Coast Guard. And I understand that just in that area out of Sabine Pass, where there have been 110 or so Reservists, we are now down to about 10. Only 10 or so remain.

Whether or not the Coast Guard does indeed have adequate resources to continue to do patrol, boarding of ships and all the other

duties that go to this both law-enforcement and military agency must be determined. Will the Coast Guard have the ability to continue to rely on local governments, which this bill speaks to, through its cooperation?

[Recording cuts off briefly here; portion missed.]
twice in the last month to escort a naval vessel going into the Port of Beaumont because they did not—because the Coast Guard did not have the adequate facilities available or the resources on the Gulf Coast in comparison to the East and West coasts of our country? All of that has to do with adequate funding and adequate planned cooperation, again, as this bill will speak to. And I look forward to hearing from you on those matters.

Those words are just to underscore, I guess, the importance of maintaining vigilant oversight over our Nation's ports. The terrorist attacks on the 11th of September highlight the need to institute high levels of cooperation in security from the Federal to the local level, and it isn't an issue which can be addressed separately by law enforcement or by port personnel; it is indeed an issue which requires a great deal of cooperation from all parties involved.

I applaud the Senators for their recognition of the importance of port security as a national security issue, and I look forward to working with them in improving, providing, and maintaining security at our Nation's ports. Thank you.

Senator BREAU. Thank you very much, Congressman Lampson, for your participation and help.

With that, we would like to welcome up the panel that will be presenting testimony, followed by questions from those of us up here. First would be Vice Admiral Thad Allen. Admiral Allen is the Admiral in charge of the Coast Guard for the entire Gulf of Mexico, as well as for the entire Atlantic coast of the United States. He is accompanied by Captain Kevin Cook, who is Captain of the Port here in the Port of Houston.

Then we will have Mr. Robert Trotter, who is Director of Field Operations for East Texas for our Customs Service.

I am using one of your pens.

Mr. Jim Edmonds, today's Chairman of the Port of Houston—of the Port Authority, thank you for your courtesies to us so far.

Mr. Mike Kice, who is Vice President of P&O Ports here in Texas; Mr. Jim Hinton, East Harris County Manufacturers Association; and, also, Mr. Sam Pipkin, who is Chairman of Channel Industries Mutual Aid—CIMA—here in Houston. Thank you, gentlemen, all, for being with us.

And we will start, I guess, with your statement, Admiral Allen.

**STATEMENT OF VICE ADMIRAL THAD W. ALLEN, COMMANDER,
ATLANTIC AREA, U.S. COAST GUARD**

Vice Admiral ALLEN. Good afternoon, Mr. Chairman. I have a prepared statement for today's hearing, but, with your permission, I will submit that for the record and make a few quick comments. I realize I am the third Coast Guard witness in a row, and I would much rather engage in some other discussion and hit the points that you and the other panel members have asked about. And I think it is important that we have that dialog here today.

Senator BREAU. Thank you. You are the highest ranking one, however.

[Laughter.]

Vice Admiral ALLEN. I would like to make just a couple of points and some acknowledgements if I could to kick off today's event. The first thing I would like to talk about is leadership—and you have stated that often in the past few weeks, Mr. Chairman—regarding port security and what we need to do in the ports post-9/11.

Before 9/11, there was a lot of leadership in the ports, but it was more focused on individual activities and processes. We were looking at cruise ships. We were looking at port State control regimes. We were looking at environmental response. We were looking at certain facilities. And we were doing a good job. And those all came from various mandates, some stemming back to the Oil Pollution Act of 1990 or before.

What happened on 9/11 was that we had a general quarters call; everybody had to come up on deck. We searched where we needed to. We closed the ports of New York. We closed Washington around the Potomac, Baltimore and their harbor and so forth.

What is needed now is leadership. And I appreciate what the Committee has done, especially S. 1214, in putting forward a paradigm on how we can pull together what were previously disparate activities of the port and put them under a holistic approach. We have a good model to do that. The Oil Pollution Act of 1990 in its implementation has been a major success in reducing spills and increasing the environmental security of our ports.

Many of the provisions in the proposed legislation mirror the process that we use to increase the environmental security of our ports. I think that is important to understand. And I appreciate the leadership of the Senate. And we look forward to working with the House as a final vote comes to fruition.

I would also like to thank Secretary Mineta, the Secretary of Transportation, for his work in crafting the final Senate version of this bill.

The transportation system in this country is very complex; it is multi-modal. Cargo flows not only impact ports; there are rails, surface and air, and we need to understand that from a multi-modal standpoint. The new Transportation Security Administration is being stood up, and I think there are a lot of opportunities to look at these across the modes, though we are going to be talking about ports today and the maritime security aspects of our transportation system.

But I think we understand that containers—and we have talked about this—move through many different modes. And I think the Transportation Security Administration is poised to take a good look at that. And I look forward to Secretary Mineta's leadership in that regard.

At a lower level, I think you can be happy here in the Port of Houston. Captain Kevin Cook was here on 9/11. He took some very fast, persuasive and decisive actions in the hours following the events. A lot of that had to do with his great relationships here in the port with all the stakeholders and their ability to come to a consensus on what needed to be done. And this involved increasing

security at the facilities themselves and requiring more information from the vessels that were arriving.

In fact, some of the actions that Captain Cook took here in the Port of Houston presaged the national events that were to take place several days later, including better information on arrivals of ships, cargo and personnel, that were associated with that.

So I think the real issue right now is: Post-9/11, how do we take all the good things that were going on in the ports before then and take a holistic look at the ports as it relates to security? The Commandant and I both believe that the Coast Guard as the lead Federal Agency in the maritime environment has a key leadership role to play. As we did with the implementation of OPA 90, we think it is a responsibility that we can shoulder—working with our other modes in the Department of Transportation and the Transportation Security Administration.

We are prepared to move forward with the provisions that are included in the Senate version of the bill. And we look forward to working with the House as we craft the complete piece of legislation. And I look forward to answering any questions that we had that were generated by the briefs this morning. A lot of the information is included in my statement, and I will not repeat it here.

I would like to make a couple of acknowledgements because the great efforts of Captain Cook and Captain Thompson, the group commander from Galveston who is behind me, don't happen alone. And the great work in this port has to do with the great partnerships that exist in it.

I would just like to acknowledge the port authorities in Texas City and Houston, the local industry leaders at Texas Waterway Operators, the Houston Marine Association, the HOGANSAC Port Security Committee, the Houston Police Department, which put aviation units in the area to help us, the Galveston County Sheriff's Office and the Jefferson County Sheriff's Office, who have actually put boats on the water to work with us.

We appreciate that really good support from the National Oceanic and Atmospheric Administration, who diverted NMFS agents from the National Marine and Fisheries Service to put a boat on the water 6 hours a day to help us, the Texas General Land Office, the local FBI regional office, Customs/INS and the Houston Pilots and, also, the Galveston and Texas City Pilots.

This is one team, one fight. This is something that no one agency can be successful at by themselves. And the final solutions to these problems are going to have to be crafted at the port level with all of the stakeholders being involved, but we certainly understand and recognize the Coast Guard's leadership role and are prepared to execute that.

[The prepared statement of Vice Admiral Allen follows:]

PREPARED STATEMENT OF VICE ADMIRAL THAD W. ALLEN, COMMANDER,
ATLANTIC AREA, U.S. COAST GUARD

Good afternoon, Mr. Chairman and distinguished guests to this Field Hearing of the Subcommittee. As the Commander, Coast Guard Atlantic Area, I want to thank you for the opportunity to appear before you today to discuss port security and especially the maritime transport of hazardous materials.

Protecting America from terrorist threats requires constant vigilance across every mode of transportation: air, land, and sea. The agencies within the Department of Transportation, including the U.S. Coast Guard Federal Aviation Administration,

Federal Highway Administration, and the Maritime Administration (MARAD), touch all three modes of transportation and are cooperatively linked. This is especially true of the maritime mode. Ensuring robust port and maritime security is a national priority and an intermodal challenge, with impacts in America's heartland communities just as directly as the U.S. seaport cities where cargo and passenger vessels arrive and depart daily. The United States has more than 1,000 harbor channels, 25,000 miles of inland, intracoastal and coastal waterways, serving 361 ports containing more than 3,700 passenger and cargo terminals. This maritime commerce infrastructure, known as the U.S. Marine Transportation System, or MTS, has long been a Department of Transportation priority. The U.S. MTS handles more than 2 billion tons of freight, 3 billion tons of oil, transports more than 134 million passengers by ferry, and entertains more than 7 million cruise ship passengers each year. The vast majority of the cargo handled by this system is immediately loaded onto or has just been unloaded from railcars and truckbeds, making the borders of the U.S. seaport network especially abstract and vulnerable, with strong, numerous and varied linkages direct to our Nation's rail and highway systems.

With more than 100 petrochemical waterfront facilities, Houston is the second largest petrochemical complex in the world. Major corporations such as Exxon-Mobil, Shell, Saudi ARAMCO, Stolt Nielson, Odfjell Tankers, Sea River and Kirby Marine have national or international headquarters in Houston. Leading trade associations such as INTERTANKO and the Chemical Carriers Association also have a substantial presence here. Three important Federal Advisory Committees, the Houston-Galveston Navigational Safety Committee (HOGANSAC), the Chemical Transportation Advisory Committee and the National Offshore Safety Advisory Committee are key players in the Port as well.

In terms of maritime traffic and cargo, the Port of Houston ranks first in the U.S. for its number of ship arrivals and total cargo tonnage. Houston handles over 50 percent of all containerized cargo arriving at Gulf of Mexico ports. Additionally, more than 50 percent of the gasoline used in the U.S. is refined in this area.

With approximately 7600 deep draft ship arrivals each year, the Coast Guard maintains a very robust Port State Control program in the Houston-Galveston area. This national program was established to eliminate the operation of substandard foreign ships in U.S. waters because over 90 percent of U.S. cargo is carried by foreign-flagged ships. Since the Port of Houston accommodates such a large number of tankers carrying crude oil, refined products and chemical cargoes, the Port State Control program monitors the safe carriage of hazardous materials in bulk.

As part of other coordinated efforts pre-September 11th, Marine Safety Office Houston-Galveston was inspecting a limited number of container, per week and conducted at least one Multi-Agency Strike Force Operation involving the U.S. Customs Service, Department of Agriculture's Animal and Plant Health Inspection Service (APHIS), and Houston Police Department. This level of activity is not atypical when compared to other ports handling high volumes of oil and hazardous materials in bulk.

On September 11th, port centered activity and emphasis shifted from environmental protection and vessel/cargo safety to maritime security. The Captain of the Port Houston-Galveston required additional safety and security measures to be taken by ships transiting the zone and by waterfront facilities located within an established area. These measures included:

- (1) Expanding the existing regulatory requirement for submission of an Advance Notice of Arrival for vessels over 1600 gross tons to include crew information and the vessel's last three ports of call.

- (2) Ships carrying bulk liquefied hazardous gases were surrounded with a 500 yard moving safety zone excluding all watercraft less than fifty feet in length from approaching. The vessels were required to transit in daylight only, with a Coast Guard escort. Once moored, these ships were required to maintain roving security patrols oil deck and their receiving facilities were to provide continuously manned waterfront security.

- (3) Chemical and oil tankers were required to provide roving security patrols on deck while moored, and their receiving facilities were to provide continuously manned waterfront security. Additionally, chemical carriers were required to provide a cargo stowage plan before arrival and departure.

- (4) Barges carrying liquefied hazardous gas were required to notify the Captain of the Port 24 hours in advance of any movement, and to provide a cargo stowage plan. Facilities where barges were moored were to provide continuously manned waterfront security.

- (5) Before conducting cargo transfer operations, waterfront facilities were required to provide the Captain of the Port with written affirmation that: there was a current

list of authorized personnel with facility access; positive control had been established at entrances; a security plan was in place to include daily perimeter, barrier and lighting checks; vehicles were prohibited from parking within 100 yards of moored vessels; and, continuously manned waterfront security was in place.

(6) Further general security recommendations including a Port Physical Security Survey Checklist, were also provided by the Captain of the Port.

Thanks to longstanding professional relationships between the Coast Guard, local officials and industry managers in the port, all of these measures were readily accepted and implemented.

The Captain of the Port in Houston-Galveston assumed operational control and established coordinated activities of the MSO, MSU Galveston, Group Galveston, VTS Houston-Galveston, offshore Coast Guard cutters, patrol boats and Navy-provided 170' patrol craft. Additionally, a limited Sea Marshal program was tested. As a result of this harnessing of resources, from September 11 through December 18, 2001, units under their direction conducted 820 car patrols, 675 boat patrols, 118 air patrols, and 141 boardings of High Interest Vessels. Additionally, 73 vessels were escorted in and out of the Port and sea marshals were assigned to 47 particularly important vessel movements. As part of an interagency cooperative effort, many other Federal and State agencies contributed to homeland security efforts in the region. The Houston Police Department conducted 354 air patrols of the harbor during this same period. The National Oceanic and Atmospheric Administration used their locally assigned boat to assist in harbor patrols. Texas Parks and Wildlife provided a part time boat for similar work in Galveston. Finally, the Texas General Land Office stepped in to handle responses to minor oil spills in the area, thus freeing Coast Guard pollution responders for port security assignments.

To provide a heightened awareness of activities in the maritime domain, VTS Houston-Galveston established an electronic linkage of its port radar picture with the radar systems aboard the Coast Guard cutters and Navy patrol craft operating offshore. Thus, the operational commander had a better understanding of vessel positions and movements both in the port and its offshore approaches. This capability enhanced the Captain of the Port's ability to coordinate security boardings with a minimal disruption of normal traffic flow. I am optimistic about the results of this initiative and will continue to exploit other existing systems to help achieve a better understanding of vessel, cargo and crew movement in and out of ports throughout the Atlantic Area.

In addition to the additional safety and security measures, the Captain of the Port began closer, more frequent contact with the local FBI, INS, U.S. Customs Service, and Houston Police Department to share intelligence and to coordinate response planning for a terrorist incident. A Port Security subcommittee has also been formed under HOGANSAC. This subcommittee has had three meetings involving key port stakeholders such as facility operators, shipping companies, steamship agents, other Federal agencies and local law enforcement in planning the way ahead for port security in the ports of Houston and Galveston.

The Coast Guard has long recognized the importance of the Port of Houston and the surrounding Gulf Coast area. We have a solid record and sound programs to deal with the marine transport of hazardous materials, particularly with respect to safety and environmental protection. In the Port of Houston, much has been accomplished since September 11th to heighten port security to ensure the safe marine transport of hazardous materials, thanks to the efforts of the entire port community, the shipping industry, State and local governmental agencies, and other Federal agencies including the Coast Guard. Just as we worked in the past to ensure the safe marine transport of hazardous materials and the protection of the marine environment, I am confident that we can continue to work together to improve homeland security. Our joint goal must be to develop and institutionalize viable maritime security arrangements as a cultural imperative, as has already been accomplished with marine safety and environmental protection.

Mr. Chairman, for over 210 years, the Coast Guard has been tasked to protect our Nation. In 1787, Alexander Hamilton wrote in Federalist Paper Number 12, "A few armed vessels, judiciously stationed at the entrances of our ports, might at a small expense, be made useful sentinels of our laws." We're proud to be a part of the continued national strategy to keep our homeland secure. Thank you for the opportunity to testify before you today. I will be happy to answer any questions you may have.

Senator BREAU. Thank you very much, Admiral Allen.
Next we will hear from Mr. Robert Trotter.

**STATEMENT OF ROBERT TROTTER, DIRECTOR OF FIELD
OPERATIONS FOR EAST TEXAS, U.S. CUSTOMS SERVICE**

Mr. TROTTER. Thank you, Chairman Breau, Senator Hutchison and Congressman Lampson. I also have a statement for the record. And, following the Admiral's suit, I would like to move quickly through my prepared comments and then would be glad to entertain some questions.

My name is Robert Trotter; I am the Director of Field Operations for East Texas. I am responsible for oversight of the inspection of international passengers, conveyance and cargo arriving and departing through the seaports and airports in East Texas.

I would like to take time, also, Senator, just to introduce three other Customs officials who came today to show you the kind of support that we have: One is Mr. Al Pena—Al is our special agent in charge of U.S. Customs' Office of Investigations, the agents that actually do the undercover work for us; Mr. John Babb, who you met and did a good job this morning on our cruise, and; Mr. Don Pearson. Don is in charge of our Air and Marine Division. And so this shows you kind of our look at how important this meeting is today—and your Subcommittee's look-see at the importance of the seaport activity.

As you know, we participated in the Inter-agency Committee on Crime and Security in U.S. Seaports. And we do support that. The U.S. Customs Service takes support of that. We also are very appreciative of what we see in your proposals of Senate bill 1214.

I would like to touch base on those, briefly, questions that you asked: Who is in charge of the port? What we do with containers, information management—because I think that is extremely critical—technology, and then end with staffing and just touch on that briefly. And then I will pass on to the next spokesman.

As you know, the Customs Service originated with the First Continental Congress in 1789. So we have been around for 213 years defending our borders, and we take our job very seriously. We have worked with people in this room, as well as people at the national and State level on these very same issues.

September 11 came as a shock to us, as to everyone else. We closely formed ranks with the Coast Guard and with other Federal law enforcement agencies to step up to ensure that we provided the necessary security to the port. We provided people on airport security detail at the airport in Houston, as many Customs officers did.

We provided seaport security. We are on what we call Alert Level 1 status, and we have been, which is our highest level of status, which means that we are putting all of the possible resources that we can get toward doing the best job possible to ensure not only the security of the airports and the seaports but, also, processing the cargo and the passengers that come to the port daily. That, as you know, is the other side of the equation.

You spoke at lunch about the steel anti-dumping duties that may be imposed. The Customs Service, of course, is in charge of imports and exports into the United States, and that is a large job, as well as the security.

What we have found and what we are fortunate to say is that the Coast Guard is in charge of the port, we look to the Coast Guard for their leadership as the security of the port, and we look

to ourselves for the containers. And I wanted to mention that Commissioner Bonner has stated that he very much wants to look at containers, where they originate, the ports of origin, and what happens to that container from the very beginning to the very end. He is enlisting a program as we speak to involve the trade. As you all know, the trade is a very large part of this security effort, not only the carriers, but the importers and exporters.

What we need, to do that job even better than we do it today, is better information. And you touched on that better manifest information. That is critical to us.

As you know, we have a multi-layered approach of doing analytical work to look at the shipments that are coming into the United States. And the more information we have, the better we can utilize our automated technology to do the screening.

And you mentioned 2 percent, and that is just about how many we examine in this port: Just about 2 percent. We do a little bit better with high-risk, but just about 2 percent is national. People look at that and say, "Geez; Well, what about the other 98 percent?" And that is a good question, and sometimes we do not have complete answers for the other 98 percent.

But we feel that with what we have now with staffing and the information that is provided to us and our automated capability we are doing a good job in screening high risk out, because, as you mentioned, we do not want to deter people from using the seaports in Houston, and we do not want to needlessly bother or add additional costs to people who use the Customs Service or export or import.

How do we go about doing that? With the 7,313 vessels in the Port of Houston last year, how do we go about doing a better job? One thing I wanted to talk to you a little bit about is technology. You asked about technology. I am holding my hand here; for those of you who can see, this is a radiation detector. And what this does is warn our inspectors and today just about all of our inspectors have these on their belts. I have got one today.

And this will read Radiation for the inspector if they come across a radiation leak in a piece of cargo or, actually on people. Sometimes people come through our airports and these things go off and our inspectors do not know why. But it is radio-isotopes that they have swallowed for medical purposes. And that is how sensitive these things are.

So something this simple, like \$1,500 a copy, that we can put on our inspectors and—ensures their safety. Plus the technology lets us know if there is radiation. And you think, Well, radiation is just in weapons of mass destruction. But that may not be.

You talked about steel. A lot of steel that is scrap from the former Soviet Union contains radiation because they used it in certain projects. And we do not want that imported into the United States. So technology, like pagers, assist us—we not only use technology of this size. We use larger technology: X-ray equipment, fixed X-rays and mobile X-rays. And they have really increased our efficiency. They permit us to process containers. We can normally de-van and examine a container—it takes about 4 hours, and that is working about full time on it.

In our port, we can do about 30 of those a day, and we get about 1,100. With technology, we can expand that. And that really is where we see the best investment for us: Better information; better technology.

And I also just want to address just very quickly the staffing issue. As you all know, we are like the other agencies. We have been placed in a difficult position with Alert Level 1 since 9/11, but we see some hope coming down the pike. We see what Congress has pulled together for us. We are working with the Administration and with Treasury to get more resources out to the field so they can be utilized to process cargo and passengers and legitimately focus on our enforcement efforts.

One thing I just want to close in saying and that has been so interesting to us: We thought when we transitioned perhaps as—our main job is narcotics and currency. As we transitioned into anti-terrorism, we thought we might lose some of that edge that we had. But we have actually found—and our statistics are bearing this out—that we are doing better now in currency and narcotics than we were before. So that is a real good sign for us and a real good signal for the Nation.

I would just like to leave that on a high note, sir. And we will be glad to answer any questions that come our way.

[The prepared statement of Mr. Trotter follows:]

PREPARED STATEMENT OF ROBERT S. TROTTER, DIRECTOR OF FIELD OPERATIONS
FOR EAST TEXAS, U.S. CUSTOMS SERVICE

Chairman Breaux, Senator Hutchinson, thank you for your invitation to testify and for providing me the chance to appear before you today to discuss the efforts of the U.S. Customs Service to address seaport security and the challenges that exist at the East Texas seaports, including improvements that we are making in our cargo inspection system to better protect the American people and our Nation's critical infrastructure.

My name is Robert Trotter. I am the Director, Field Operations for East Texas. I am responsible for oversight of the inspection and control of international passengers, conveyances and cargo arriving and departing through the seaports and airports in East Texas.

As a major participant in the protection of our Nation's borders, Customs has taken a lead role in efforts to deny entry to the implements of terrorism into the United States through our seaports. The Customs Service enforces over 400 laws and regulations for more than 40 Federal agencies. Naturally, the seaports in East Texas are a major focus of our efforts. Our security and anti-terrorism efforts must be balanced against the need to assure the smooth flow of legitimate trade and travel.

While Customs is able to inspect only a relatively small percentage of the massive volume of cargo entering the United States each day, we rely on a careful, multi-layered targeting approach to select goods for intensive examination. Our risk management strategy incorporates the use of intelligence and advance information from shippers, the deployment of sophisticated technologies, and the skill and expertise of Customs personnel to sift out suspicious goods from the vast ocean of legitimate trade *before* they enter the commerce of the United States.

In addition, under the direction of Commissioner Robert Bonner, the agency is engaging the private sector in a new Customs-trade partnership to defend the entire length of the product supply chain from penetration by terrorists or the implements of terrorism. And we are undertaking new initiatives with our international partners in an ongoing effort to expand the perimeter of inspection away from the port of entry and toward the point of origin.

The Customs Service also continues to build upon established cooperative relationships with the Immigration & Naturalization Service, the Border Patrol, and the Coast Guard. Using a collaborative approach, we are employing targeting and risk management techniques to select people, vehicles, vessels, aircraft, cargo and containers for increased inspection.

During Fiscal Year 2001, 7,313 vessels entered the Port of Houston. Many examinations of their cargo were conducted utilizing the Vehicle and Cargo Inspection System known as VACIS.

Since December 1, 2001, the Port of Houston has made 21 currency seizures totaling \$493,453, most as a result of Operation Oasis in coordination with the Office of Investigations.

In response to the terrorist attacks of September 11th, the U.S. Customs Service immediately implemented a Level One Alert for all personnel and ports of entry. This is our highest State of alert, calling for sustained, intensive anti-terrorist operations. We remain at Level One Alert today.

We do not expect our changing priorities to have a negative impact on our traditional law enforcement mission such as drug seizures. To the contrary, we expect, and we have seen mounting evidence to the effect that heightened counter-terrorist measures by the Customs Service are strengthening our overall interdiction efforts.

Customs plans the deployment of, Non-Intrusive Inspection (NII) technology such as mobile and relocatable x-ray and gamma ray systems that are capable of detecting anomalies in commercial cargo and conveyances. Most of this technology is scheduled for deployment to address the smuggling threat we face at high-risk air, sea and land border ports of entry. The Houston seaport currently utilizes stationary VACIS and mobile x-ray van technology and is deploying additional VACIS equipment for full container x-ray to address suspect shipments throughout the Houston area including outlying docks.

Working with the U.S. Coast Guard, classroom training in hazardous materials recently was updated for Houston Customs officers. In addition, many Customs inspectors wear sensitive radiation detection devices that audibly alert them to the presence of radiation.

The Houston Customs Port. Office took the initiative immediately following September 11, 2001, to demand advance vessel crew lists, since the identification of crewmembers that may be security risks is tantamount to good border security. The Customs Intelligence Collection and Analysis Team (ICAT) in Houston performs research to conduct enforcement queries against a variety of Federal law enforcement data bases. Members of a multi-disciplinary enforcement team interview potential matches and identify suspects. The obtainment of advance vessel crewmember lists has subsequently become the responsibility of the USCG at the National Vessel Movement Center.

In addition, the Customs Port office has refocused its Subject Matter Experts (SME's) to identify new importers and any commodity that could be used as a Weapon of Mass Destruction. The Houston Customs Port Office is also actively working in partnership with the trade industry to obtain more accurate and complete vessel manifest data in areas such as consignee, shipper and commodity description.

The vast volume of trade and traffic at the East Texas seaports has put immense pressure on our ability to enforce the Nation's laws while facilitating international trade, even before September 11th. After September 11th, our challenge has risen to a new level. Although we have taken many steps to address these challenges, such as the planned delivery of a mobile VACIS, we still face many challenges.

We are working within Treasury and the Administration to address these challenges. For example, we are developing threat assessments and a longerterm perimeter security strategy for dealing with them to secure our homeland defenses, including the East Texas seaports. In considering such a long-term plan, several core areas will need to be addressed. We are developing and deploying Non-Intrusive Inspection (NII) technology to detect the implements of terrorism. We are also enhancing our Industry Partnership Programs to enable the trade, transportation, and business communities to assist us in securing the supply chain for commercial cargo and conveyances as envisioned by the Commissioner of Customs.

I want to thank you, Mr. Chairman, for this opportunity to testify. The U.S. Customs Service will continue to make every effort possible, working with our fellow inspection agencies, within the Administration, with Congressional leaders, and the business community to address your concerns and those of the American people. I would be happy to answer any questions you might have.

Senator BREAUX. All right.
Jim Edmonds.

**STATEMENT OF JAMES T. EDMONDS, CHAIRMAN,
PORT OF HOUSTON AUTHORITY BOARD OF COMMISSIONERS**

Mr. EDMONDS. Thank you, Senator. I will follow their lead; I have 30-some-odd pages I wanted to read to you, and I will submit them.

Senator BREAU. Thank you.

Mr. EDMONDS. Let me just say briefly that we are pleased that you are here.

And thank you, Senator Hutchison, for arranging this to be in Houston; it is special to us that you would come to Houston.

I am going to say a few things about the Port of Houston, some of which you have heard before, but bear with me, if you will. It is the eighth largest port in the world, and it is the largest port in the United States in foreign tonnage. And that is important from the standpoint that we realize what makes up this port.

It is a very mixed-use port. And because it is the largest petrochemical complex in the United States and, arguably, in the world, it is a port that has certain vulnerabilities and a port that has certain requirements placed upon it for security. And so it is important to us that you are here today.

If you look at the Port of Houston from the Port Authority's standpoint, we do about a 1.1 or 1.2 million containers a year. We believe that containerization is indeed the wave of the future. I have read numerous places that by 2020, 90 percent of the world's cargo will be shipped in a container.

I showed you a bit ago the map, and we saw Bay Port. And if we are permitted this summer and at build-out, Bay Port will be able to accommodate 2.5 million containers. We own 1,100 acres of land on Pelican Island in Galveston, and that will eventually be the third container port for the Port of Houston.

There are 500—within a 500-mile radius of Houston, there are 30 million people. This slice of the United States is one of the fastest growing. And we are at the mouth of the market place. And as we continue to feed that market with product, more and more containers will come to this port. We already enjoy about 63 percent of the container market share in the gulf.

What is happening in ports is very much what has happened in airports. If you look at Atlanta and Chicago and Dallas, you have collection points that redistribute goods or people.

The same thing is happening in ports.

There will eventually be five of what are called load-center ports: The one in Seattle and Tacoma, one in LA and Long Beach, one in New York and New Jersey, something on the south Atlantic and one in the gulf. And we believe the one in the gulf will be the Port of Houston, and that will basically be a container port that redistributes containers throughout the central part of the United States. For that reason, security alone is extremely important to us.

Your visit here is very timely. And I commend you and thank you for the leadership that you have shown this Senate and the bill that you have passed. We have looked at the bill, and it is an important bill that allows us to develop in more detail a security plan; we are a port that is conscientious of that, aware of it, and we have

looked at that issue for many years. And we have redoubled our efforts since 9/11.

The folks that are to my right and left are the key players in this, and the port is the sponsoring waterway, but the U.S. Coast Guard and the U.S. Customs and CIMA—these folks—have day-in-and-day-out responsibility.

And it has been our observation that the U.S. Coast Guard and the U.S. Customs are under-manned, that they are under-staffed, and they need more money in their budgets to provide what is happening in this world because, from now on, our lives are changed. And as we go forward to try to continue to move cargo to meet customer demand, we have to do that in a world of heightened security.

So thank you, again, for the leadership you have shown. We look forward to working with you. We want to do everything we can to be supportive of you and to work with you to make sure that this is the safest port in the United States.

[The prepared statement of Mr. Edmonds follows:]

PREPARED STATEMENT OF JAMES T. EDMONDS, CHAIRMAN,
PORT OF HOUSTON AUTHORITY BOARD OF COMMISSIONERS

Good Afternoon. My name is James Edmonds and I am the Chairman of the Port of Houston Authority Board of Commissioners.

As you know, four months ago today, the United States was the victim of a horrendous act of terrorism.

Although the Port of Houston had strong security in place, we—like so many others—have since looked for ways to fine tune our policies and procedures.

It is a testament to this port that since September 11th, our business has not slowed. To use a familiar term, we're moving full steam ahead. The events of this time, however, have been sobering and we have redoubled our efforts to provide a safe and secure business environment for our customers and our employees. I think what you will hear today will bear that out.

The Coast Guard, the US Customs Service, the Houston Pilots, our private industry partners, state and local governments and everyone else involved in port security have created an atmosphere of cooperation that is unparalleled in my experience.

The Port of Houston has not received any threats. Nevertheless, protecting this vital economic engine and even more importantly the thousands of people who work here or live near the Port is a responsibility we don't take lightly.

The Port of Houston is home to the Nation's largest petrochemical complex, the Nation's number one port in foreign tonnage and second largest port in total tonnage. The Port of Houston ranks as the eighth largest port in the world with an annual economic impact of \$7.7 billion and is responsible for the employment of 205,000 people.

This port, like others around the Nation, is an important financial center of commerce for not only Houston, but for the entire region.

Yesterday marked the 101st anniversary of the Lucas gusher at Spindletop, which started the Texas Oil Boom. This area has grown from a sleepy trading village on a bayou to a major international city, the energy capital of the world and a hub of international commerce in those 101 years.

This city and region were built on energy and to ensure its continuation, we must protect our employees, neighbors and investments. And the Federal Government role is vital in accomplishing this task.

However, a balance must be struck between securing our port and allowing efficient movement of cargo. I believe the Senate took the first big steps toward that end last month.

Thanks to the leadership of the Senators here today, the Port and Maritime Security Act of 2001 passed the Senate and will now be considered by the House. This act will provide \$390 million in grants over 5 years to ports for security assessments and infrastructure.

Additionally, I want to thank you for adding \$93 million to the Homeland Security package to immediately fund security assessments and infrastructure. The Port of

Houston Authority looks forward to working with the new Transportation Department's Transportation Security Administration to implement this new program.

I believe the Senate has passed a good bill . . . one that will allow local flexibility—since no two ports are the same. It funds security assessments done by a local team and it provides funding for ports to improve security infrastructure.

The Port of Houston Authority has sharpened security at the Port since September 11th, through additional police patrols, heightened security awareness, increased gate security, fence line patrols, and other measures.

The best security measure though has been the increased cooperation between the Port Authority and all of our partners on the channel. The Houston Pilots, for instance, have become the eyes for port security. From their vantage point high in the wheelhouse of ships, they can spot suspicious activities and report those to the Coast Guard.

The Channel Industries Mutual Aid group and the East Harris County Manufacturers Association share security procedures and responses channel-wide with all of our partners.

But there are specific things that we believe could be of great benefit to this task:

- Clear communications between the port, local government officials and policing units, the Coast Guard and the businesses along the Channel.

- Additional security measures at our port terminals. For example more security cameras (and the manpower to oversee them). And we would like to see the technology available utilized more, like additional x-ray machines for Customs.

- The Coast Guard needs more people. That's just a simple fact. They are stretched beyond what any agency should endure.

- To deal with hazardous materials, we need more vapor detection equipment.

These, among other things, are all within our reach. Let's get them in action.

I believe the Port of Houston is a safe port. However, we will always look for and embrace new and better ways of protection and prevention. This hearing is another step toward maintaining and increasing the safety of the port.

I would like to thank you for the opportunity to speak today. Senator Hutchison, again thank you for thinking of us and bringing Senator Breaux to Houston. I appreciate both of you for your leadership on this issue and I offer my assistance to you as this Subcommittee continues its work on port security. Thank you.

Senator BREAU. Thank you, Jim, very much.

Mike Kice.

STATEMENT OF MICHAEL KICE, CORPORATE SAFETY AND ENVIRONMENTAL DIRECTOR, P&O PORTS NORTH AMERICA, INC.

Mr. KICE. Thank you very much, Mr. Chairman and Subcommittee Members for allowing me to have this opportunity. My name is Mike Kice, and I am the Corporate Safety and Environmental Director for P&O Ports North America. I apologize, but our local manager and vice president thought this might be more appropriate for me because I am a little bit more knowledgeable on hazardous materials.

If you think that I am confused about that, I am currently living, 13 years in New Orleans, 9 years in Houston and 4 years in Port Neches, so I do not know which side of the table I am on.

We are—P&O Ports is a marine terminal operating and stevedoring company with current operations in 22 ports on the East Coast and Gulf Coast of the United States. Our operations include: large container terminals, container stevedoring, passenger ship terminal operations, ro-ro operations, discharge and loading of break bulk cargos of all natures—steel is a major commodity of that—handling of export dock-site frozen cargos in Gulfport, bagged goods in Lake Charles—many—all types of the full range of dry cargo.

These operations vary overall from location to location. In New York, we perform port authority-type operations for the passenger

ship terminal. The city of New York owns the terminal, and we actually perform all the lease requirements and do all the management of it. So we actually act kind of as a private industry but are doing port authority-type work.

In Baltimore, we provide terminal management to the Port of Baltimore for their container terminals, and we do ro-ro stevedoring. In Norfolk, we are a pure tackle stevedore, where we just load and unload the ship. The port runs the operation there, terminal offsite.

In New Orleans, we lease from the port both container and general cargo facilities. In Lake Charles, we handle the bagged goods. And we are—here in Houston, we are assigned freight handling at City Docks 25, 26, 27, 28 and 29, and we have empty container repair facilities, as well as stevedoring, at both the City Docks and at Barbour's Cut.

Hazardous cargo is a segment of the goods which are transported through our facilities in containers, ISO tanks and in break bulk packaging. Hazardous cargo is currently the most regulated of our cargos that we handle. The Coast Guard, the DOT Research and Development, EPA, OSHA, Customs, ATF, the IMO international regulations and local regulations require different types of procedures and extensive documentation and assignments of responsibilities throughout the operation. To date, the overall system has worked very well in protecting the American public.

With the recent events, security aspects for all cargo and, especially, hazardous cargo should be enhanced. By incorporating an additional, what I would like to call "security personnel awareness" that gives us emphasis with each step of the cargo movement process, the overall goal of safety and security and the efficient handling of cargo is maintained.

To me security awareness is a function of our employees' day-to-day process. We have incorporated security in part of our safety meetings, in our daily gang-way meetings that we have, and we are starting to incorporate that into our daily inspection systems. So we are incorporating it in with our entire operation, and, by this means, I think, we are increasing the overall awareness for the whole package.

Training. We have increased training somewhat from an awareness standpoint, trying to show our supervisors and our longshoremen basically what to look for and, if they do see something, to report it up through the chain so we can take it to the appropriate authority that is needed.

The physical aspects of security, such as property fencing, X-rays and other technological inspections, gate access, law enforcement and the improved information-sharing review is being well addressed in your legislation. I believe that if additional security monitoring is needed for hazardous general cargos, then a technological inspection of hazmat cargo and containers should be utilized. The option of additional opening of hazmat containers on a regular basis should be reviewed from a safety aspect.

We could be if we—on the general basis of opening and closing every container of hazmat cargos, we could be exposing the inspectors, both governmental and private industry, to additional risks, which may have very little return. Opening a container of haz-

ardous materials does not ensure that the cargo inside the actual package is the exact commodity—just by looking in the door. You would have to open it up, take it out, put it back in, do a re-blocking and re-bracing. And this can be extremely time-consuming and expensive and doesn't necessarily ensure what the cargo is, because you would have to do extensive testing, which is not real handy in the field, to do that, to ensure that.

When—inspections of cargo need to be performed, I think, at both the load and discharge source, meaning at the port of origin and the port of—along those lines. The Coast Guard currently inspects containers for structural integrity and documentation. Customs Service does some inspections on their process. And many lines employ the National Cargo Bureau for random stowage issues. I believe that some aspects of security could be added to the existing functions as they are doing them, which would cover many of the points that are being addressed, and it does not have to reinvent the rule for that process.

The documentation system. From P&O Ports, the following are approximate percentages of our overall containers that have labeled cargo transiting our terminals: In Newark, we run the PNCT. Approximately 4 percent of our containers there are labeled containers; in Baltimore, 2; in New Orleans, currently, it is about 7 percent, and, last year, it was 10. Those are the terminals we actually run. So that is about how much of our aspect of labeled cargo is.

At each location, we preview the units at the entry from a safety aspect and make sure that documentation is per regulations. We have standard working procedures to ensure the safe handling of cargo and provide a higher awareness to these units.

As additional costs arise with the enhanced "New normalcy" for security, our position has been outlined by NAWA, the National Association of Waterfront Employers, as far as cost is concerned. As to what has been done since—what have we done since 9/11? Well, we actually—the New York passenger ship terminal was taken away from us and was turned into an emergency response area for the city of New York. FEMA domiciled there. The city emergency response—the mayor actually started using our terminal manager's office. So we are now very involved with that.

And with that aspect, the ships that had been going to New York actually moved over to Boston, Philadelphia, Baltimore and Norfolk areas, and we moved people—our trained supervision from New York down to the different areas to help them with that. And we moved our X-ray machines and our magnometers and things along those lines to assist with that operation. So we have been active in that site.

On each local area, we have participated in any types of forums that we could go to. The captain of the port in—well, basically, in Newark, what they have—they formed a little committee with—inspecting all of the stakeholders. And we have participated at every one of their functions. With New Orleans, Captain Roshon has come down and actually gone through our terminal with us. We have done—we have tried to get our longshoreman and our supervisors better aware of what is going on. Here in Houston, they have

done a very good job of participating with the port on the port security aspects of that site.

We have had—within our own company, we have had individual meetings and discussions with our own people and tried to give them a little bit of advice of what they should be looking for as eyes and ears—just for the people working on it, what to look for and try to—if something is there, send it back up.

We have actually had a—we have been involved with a bomb threat in Gulfport since 9/11. And that turned out to be very—nothing there. And we had an anthrax issue here in the Port of Houston which turned out to be nothing. But our emergency action plans and our different procedures worked with the process. So they worked very well.

I would make—if I could, I have one—a couple of suggestions. One of them is on MSDS. As the world is getting more into computerization and there is less paper work involved with the thing, the MS—Material Safety Data Sheet is a very important document that we are not having in our hands as much as we used to. There might be a way of having that positioned as a red address on the manifest or cargo documentation as it comes through all the procedures.

So if something does happen, which has happened in the middle of the night, we would be able to have the ready access to that actual document. There is nothing like having the piece of paper in your hands in the middle of the night.

Being a port with the—you have described the grants and loans. And as privatization is taken further along and as we do different operations, I am not exactly sure how the—if private industry will have any—be able to have participation in the grants and the loans system or not, especially for those areas where we do basically governmental functions, as in the passenger ship terminal where we do port authority-type things.

And my other thing is that we have excellent emergency response plans, hazmat procedures and safety procedures. And as part of the security what we need to do is tweak those further and add onto them, not try to re-invent the entire wheel, but to add that segment to it and make it an overall better process. And I apologize for not having details of our operations, but I thank you very much for this opportunity.

[The prepared statement by Mr. Kice follows:]

PREPARED STATEMENT OF MICHAEL KICE, CORPORATE SAFETY AND ENVIRONMENTAL DIRECTOR, P&O PORTS NORTH AMERICA, INC.

Mr. Chairman and Subcommittee Members, thank you for this opportunity for us to participate in these important hearings on Port Security.

My name is Mike Kice, and I am the Corporate Safety and Environmental Director for P&O Ports, North America. P&O Ports is a marine terminal operating and stevedoring company with current operations in twenty-two (22) Port locations on the East and Gulf Coasts of the United States. Our operations include: large container terminal operations, container stevedoring, passenger ship terminal stevedoring, ro-ro operations, auto discharge and loading, break bulk cargo—terminal and stevedoring, export of dock-side frozen cargo, steel discharge to dock and barge, and bagged goods operations and the full range of dry cargo operations.

These operations vary in overall involvement from location to location. In New York, we perform port authority-type functions to onboard stevedoring at the passenger ship terminal. In Baltimore, we provide marine terminal management to the Port of Baltimore for major container terminals as well as container/ro-ro steve-

doring. In Norfolk, only pure tackle stevedoring is done. In New Orleans, we lease from the port both container and general cargo facilities. In Lake Charles, we handle bagged rice goods. In Houston, we are assigned the freight handling at City Docks 25, 26, 27, 28, and 29 and have empty container repair facilities, as well as stevedoring operations both at the City Docks and Barbour's Cut Terminal.

Hazardous cargo is a segment of the goods, which are transported through our facilities in containers, ISO tanks and in break bulk packaging. Hazardous cargo is currently the most regulated of our cargo handled. The Coast Guard, DOT Research and Development, EPA, OSHA, Customs, ATF, IMO (international) and most local governments have required forms of regulations and procedures with extensive documentation and assignment of responsibilities. To date, the overall system has worked very well in protecting the American public.

With the recent events, security aspects for all cargo, and specifically hazardous cargo should be enhanced. By incorporating additional "security personnel awareness" emphasis with each step of the cargo movement process, the overall goal of safety, security and the efficient handling of cargo is maintained. To me "security awareness" is a function of our employee's day to day operations, and should be included in our daily inspections of the work area, and as a subject of gang way and regular safety meetings. Training in what to look for, awareness of our general surroundings, participation in forums with the Coast Guard, Ports, etc., is essential. The physical aspects of security such as property fencing, x-rays, other technological inspections, gate access, law enforcement, etc., and the improved information sharing-review is being well addressed in your legislation.

I believe that if additional security monitoring is needed for hazardous general cargo's then the technological inspection of hazmat cargo and containers should be utilized. The option of additional opening of hazmat containers on a regular basis should be reviewed from a safety aspect. We could be exposing inspectors (both governmental and private industry) to additional risks with very little return. Opening containers of hazardous material does not ensure the cargo inside the actual package is the exact commodity without extensive testing which, may not be practical in the field. When inspections are required they need to be performed at the load or discharge source. Opening the back door of a container reveals only those packages which are visible, and moving any cargo inside will require removal of blocking and bracing securing and then reloading and resecuring of the cargo, causing extra expense and extra safety exposure for limited returns. The Coast Guard currently inspects containers for structural integrity and documentation. Customs does some inspection of hazmat containers, and many lines employ the National Cargo Bureau for random stowage issues. I believe some aspect of security could be added to the existing functions, as well as enhancing the documentation system. For P&O Ports NA, the following are approximate percentages of overall containers that have labeled cargo transiting our terminals. Newark: 4 percent; Baltimore: 2 percent; New Orleans: currently 7 percent, last year 10 percent.

At each location, we preview the units at entry from a safety aspect and ensure that documentation is per regulations. We have standard working procedures to ensure the safe handling of the cargo and provide a higher awareness to those units.

As additional costs arise, with the enhanced "new normalcy" for security, our position has been outlined by NAWA (National Association of Waterfront Employers)

As to what we have done since 9-11, the New York Passenger Ship Terminal was taken back by the city to house facilities and personnel that had been domiciled in the World Trade Center, including FEMA and other government agencies. Vessels scheduled to enter the terminal were rerouted to alternate locations, mainly Boston, Philadelphia, Baltimore, & Norfolk. P&O Ports provided trained supervision and security equipment (x-ray and magnetometers) to those locations to assist operations. We have encouraged each port location to participate with the area security aspects and attend as many security meetings and educational forums as practical. In Houston, we meet frequently with Port security and operations staff to discuss and plan safety and security matters. We remain on a heightened sense of alert. In Newark, we have participated in the weekly port authority security forums, which included Coast Guard, Customs, Port Police, Waterfront Commission, and many others. We have had individual meetings and discussions with local Coast Guard Units and law enforcement, etc, and I think, more importantly, we have encouraged and promoted the "general awareness" eyes & ears concept to our supervision and to much of our labor.

I would like to thank you again for this opportunity to present comments and apologize for not having more exact numbers, but I hope these general aspect comments have been beneficial.

Senator BREAU. Thank you, Mike.

Jim Hinton.

**STATEMENT OF JIM HINTON, CORPORATE MANAGER OF
COMMUNITY SAFETY AND HEALTH, MERISOL USA AND
SECURITY CHAIRMAN OF THE EAST HARRIS COUNTY
MANUFACTURERS ASSOCIATION**

Mr. HINTON. Thank you, Senators and Congressman Lampson. I am pleased to be here on behalf of the East Harris County Manufacturers Association. I chair their security committee, which is primarily made up of the corporate directors of the corporations. And most of those people are retired FBI agents and police chiefs. They are FBI agents that the current office here in Houston supplies us—the Coast Guard, the Harris County Sheriff's Department, the DPS and a lot of other numerous people with extensive law-enforcement experience.

While my comments will refer to the ship channel area, they will really hold true for most all of our complexes within the State of Texas. We have 125 companies that we represent in East Harris County Manufacturers. We employ about 30,000 people in this area, and, last year, we contributed about \$4 billion to the Harris County economy. Statewide, the petrochemical and refining sites employ more than 100,000 Texans.

And as you can see, we have a mammoth investment in people and in assets for which we are responsible. And we have a real commitment to our employees, our communities and our shareholders to operate in a safe and environmentally responsible manner such as never before.

Today, we are examining security here. And in the petrochemical and refining industry, we see security as an integral part of our overall safety program. Our safety performance in our petrochemical industry is 4 times better than all the rest of the manufacturing companies that operate. In addition, our security operations played significant safety roles as integral parts of our emergency response operations by providing traffic control and liaison with law enforcement.

The cornerstone of effective security is knowledge and intelligence about potential threats, and that allows that threat to be intercepted, and it allows the target of that threat to be properly prepared. In fact, it may be our only weapon against those threats. And I must say on behalf of the chemical industry here that the Federal Agencies, the State organizations, the local agencies and the Coast Guard did a great job and are continuing to do a good job of keeping us informed when we need to know information.

On September 11, we wasted no time in moving to a level of high alert as the events unfurled. We began to revisit potential threat scenarios. We have done worst-case scenarios for years—and probable cause scenarios—but those changed when we had the 9/11 incidents. So we have looked at those types of incidents. Now we move rapidly to prepare for these new threats.

We moved aggressively to establish better information-sharing mechanisms with the Federal, State and the local officials. We immediately activated our emergency operations centers. We closed gates and buildings and temporarily locked down facilities, allowing no one to enter or exit. The number of security officers was in-

creased. And in many cases, we have hired off-duty, uniformed sheriff's deputies, constables, DPS officers and municipal officers to supplement our regular plant security.

And I must say that I would agree with the statement made awhile ago, that the Coast Guard has done a wonderful job with the limited resources that they have, but they do need more people and more vessels to be able to help us control our waterside plants.

We turned away mail and delivery vehicles. We issued calm-but-firm warnings to employees to increase their awareness of any activities that might be out of the ordinary, and they responded. We remained in close contact with the local police departments, the Coast Guard and other Government Agencies. We monitored radio and television networks. And those of us who were so equipped monitored the police radio frequencies to determine what was happening.

Those of us that have waterside property—and there are a lot of us—immediately followed the Coast Guard bulletins in addition to putting armed officers on our docks. Captain Cook put out an immediate order on September 12 that we would have those guards on our docks when we had vessels in there. And I must admonish that he did a great job in doing that.

Portable lighting was installed to unlighted perimeter fencing. Emergency response plans were reviewed.

Sometime after September 11, the plants have re-opened to essential operations only, but with the extensive vehicle searches—and those are going on today—and tightened employee and contractor identification procedures. We have increased our video monitoring, motion detection and lighting. We have instituted mail inspections. We have restricted deliveries and provided bio-terrorism response training to emergency plant responders.

We have reviewed and revised our crisis management plans. We have adjusted traffic flows and erected concrete barriers at certain plant entrance points. Rail tank cars are being moved inside the fence-line if that is at all possible. We are requiring our carriers to perform background checks more extensively on their drivers.

We are permitting cleaning crews to only work during regular business hours, and not at night. We have increased communications with the plant communities.

We have added second drivers to some shipments of certain chemicals, thus requiring direct transit, so that they do not have overnight delays and sleep in rest areas or have to sit outside the parking lot somewhere sleeping. So we have added two drivers to a lot of hazardous materials trucks so that they keep rolling and they come right on into the plants or where ever they are going.

We are reviewing distribution routes. And where possible, we have changed some of those.

Please remember that in the spirit of good security, there are some things that we are doing right now that we certainly cannot put out in the public, but we do remain on high alert. While specific actions may vary from plant to plant, these examples are representative of the actions the petrochemical and refining industry is now taking:

We have formed the East Harris County Manufacturers Security Committee. And that committee is looking at the best practices

across the country in the area of security among the plants. I also serve on the American Chemistry Council's Security Committee, and we are working closely with them for our neighboring plants in other States. In this way, we are better able to communicate. We also are working with the Port Security Committee, and we serve on that committee.

So we have a well-rounded communications effort among all of us in the ship channel area. These heightened security measures will continue indefinitely with periodic reviews and modifications with guidance from law enforcement and other organizations with which we regularly communicate.

Security in the face of these threats is derived from planning and executing security strategies. Our industry has an advantage in this area because we have a long-standing expertise in risk management. We have spent many years instituting progressively more sophisticated safety and security programs.

The petrochemical and refinery plants are critical components of our economy; what happens to our business affects almost every aspect of American life. It is in the best interest of our members and the American people that our facilities operate safely and securely so we can continue to provide the vital products that make our lives better, safer and healthier. And you can be assured that we will continue to do that. Thank you.

[The prepared statement of Mr. Hinton follows:]

PREPARED STATEMENT OF JIM HINTON, CORPORATE MANAGER OF COMMUNITY SAFETY AND HEALTH, MERISOL, USA AND SECURITY CHAIRMAN OF THE EAST HARRIS COUNTY MANUFACTURERS ASSOCIATION

I'm Jim Hinton and I am Corporate Manager of Community Safety and Health for Merisol USA. I am here today representing the East Harris County Manufacturers Association (EHCMA).

I chair the security committee, which is made up of security professionals from the industry who are, in many cases, retired FBI agents; retired police chiefs; current FBI agents from the Houston office; the Coast Guard; Harris County Sheriffs Department and DPS; Harris County Office Of Emergency Management; and others—all of whom have numerous years of law enforcement or security experience.

While many of my comments refer to the Houston Ship Channel industries, they are typical of petrochemical and refining plants and complexes in other parts of the state. The 120 companies that make up EHCMA; employ more than 30,000 people in the area; and last year contributed more than \$4 billion to Harris County's economy through PAYROLLS, TAXES AND PURCHASES.

Statewide, petrochemical and refining sites employ more than 100,000 Texans and account for 27 percent of the value added by the entire Texas manufacturing sector. As you can see, we have a mammoth investment in people and assets for which we are responsible. Our commitment to our employees, our communities, and our shareholders to operate in a safe and environmentally responsible manner has never been greater. Today, we are examining security.

In the petrochemical and refining industry, we see security as an integral part of our overall safety program. Our safety performance is 4 times better than all the rest of the manufacturing industry in this country. In addition, security operations played significant safety roles as integral part of emergency response operations by providing traffic control and liaison with law enforcement. The cornerstone of effective security is knowledge and intelligence about potential threats that allow the threat to be intercepted and allows the target of that threat to be properly prepared. In fact, it may be our best weapon. I must say that the Federal agencies and the State and local agencies have done a good job keeping us informed.

On September 11, we wasted no time in moving to a level of high alert as the events unfurled. We began to revisit potential threat scenarios. We have done worst case scenarios in our plants for a long time, but now our definitions of probable worst cause scenarios have changed, and we moved rapidly to prepare for these new

threats. We moved aggressively to establish better information sharing mechanisms with Federal, state, and local officials.

- We immediately activated our emergency operations centers.
- We closed gates and buildings and temporarily locked down facilities, allowing no one to enter or exit.
- The number of security officers was increased. In many cases, off-duty-uniformed sheriff's deputies, deputy constables, DPS officers and municipal police officers were hired to supplement regular plant security personnel.
- We turned away mail and delivery vehicles.
- We issued calm but firm warnings to employees to increase their awareness of any activities that might be out of the ordinary.
- We remained in close contact with our police and fire departments, the Coast Guard and other government agencies.
- And we monitored radio and television networks.
- Those that were so equipped monitored police and fire frequencies to stay abreast of local activities.
- Those with waterside property exposure immediately followed the Coast Guard bulletins in addition to putting armed officers on their docks.
- Portable lighting was installed to unlighted perimeter fencing.
- Emergency response plans were reviewed.

Sometime after September 11 the plants have:

- Reopened to essential operations only, but with extensive vehicle inspections and tightened employee and contractor identification procedures.
- Increased video monitoring, motion detection and lighting.
- Instituted mail inspections and restricted deliveries.
- Provided bio-terrorism response training to plant emergency responders.
- Reviewed and revised crisis plans.
- Adjusted traffic flow and erected concrete barriers at certain plant entrance points.
- Rail tank cars are being moved inside the fence-line if possible.
- Requiring carriers to perform background checks on their drivers.
- Permitting cleaning crews to only work during business hours.
- Increased communications with plant communities.
- Adding second drivers to shipments of certain chemicals thus requiring direct transit so that overnight layovers are not required.
- Reviewing distribution routes and, where possible.

Please remember that in the spirit of good security we cannot make public all the things we are doing in this regard.

So what about today?

- We remain on high alert.

While specific actions may vary from plant to plant, these examples are representative of the actions the petrochemical and refining industry is taking. We have formed the East Harris County Manufacturers Security Committee and this committee is looking at best practices in the area of security among the plants. I serve on the American Chemistry Councils Security Committee on the national level and also the newly formed Port Security Committee. In this way we are able to better coordinate security activities.

These heightened security measures will continue indefinitely with periodic reviews AND modifications with guidance from law enforcement agencies and other organizations with which we're regularly communicating. Security in the face of these threats is derived from planning and executing security strategies. Our industry has an advantage in this area because of our longstanding expertise in risk management. We have spent many years instituting progressively more sophisticated safety and security programs. The Petrochemical & Refining Plants is a critical component of the economy. What happens to our business affects almost every aspect of American life. It is in the best interest of our members and the American people that our facilities operate safely and securely so that we can continue to produce vital products that make our lives better, safer, healthier, you can be assured that we will continue to do so. Thank you.

I will be happy to answer any questions.

Senator BREAU. Thank you, Mr. Hinton.
Mr. Sam Pipkin.

**STATEMENT OF SAM PIPKIN, CHAIRMAN,
CHANNEL INDUSTRIES MUTUAL AID (CIMA)**

Mr. PIPKIN. Senators, Congressman, thank you very much.

I am Sam Pipkin; I am employed by ATOFINA Petrochemicals and am current Chairman of the Channel Industries Mutual Aid organization.

And, like he said, our main objective is emergency preparedness and response. The organization shares fire-fighting, rescue, hazardous material handling and emergency medical support between its member organizations in the Houston Ship Channel area.

While CIMA itself does not deal with the maritime transportation of hazardous materials, some of our member companies do on a day-to-day basis. And it is because of this that our organization has the ability to provide the expertise to handle the situations which may arise either in the maritime situation or on the highway.

CIMA's role since the September 11, 2001 terrorist attacks on the United States remains unchanged; we regularly review our security procedures as they relate to emergency response incidents, and the main thing is the security of our responders, the plants and the citizens of the community.

It was—CIMA was formed in 1955, and we have maintained close working relationships with a lot of these gentlemen and organizations that are at the table before you today, with municipalities, Government Agencies, FBI, the Port of Houston, Harris County Office of Emergency Management and local LEPCs. We work real close with those groups.

We have a—our communications are ongoing. Our contacts are updated yearly, as well as—24-hour access numbers are updated on a regular basis and shared.

The success of CIMA is its pool of highly trained and skilled responders from the 100-plus industry member companies and area governments coupled with a well-maintained pool of some 200 pieces of specialized equipment—rescue, foam pumpers, ambulances and command vans—which are supported by and owned by the members of the organization. We also have a sophisticated radio system which covers some 500-square miles.

Our CIMA responders continue to hone their skills through regularly scheduled classroom and simulated emergency training, drills, planning exercises and post-incident reviews. We try to participate with the Coast Guard, with the city of Houston and various agencies on this type of activity. Its charter of providing cooperative assistance and expertise in an emergency, natural or man-made, is unaffected by the events of September 11. However, like so many others, CIMA goes about its business with a keener awareness of preparedness than before September 11.

CIMA is currently—we are currently working with the Texas Forest Service on the State Emergency Response Plan Annex F Appendix 5, which deals with multiple industrial emergency situations in one area of the State or spread out over the State at the same time.

A concern that CIMA has is that as member companies downsize their organizations, we are also adversely affected because of the loss of trained personnel in particular skill areas which are necessary to maintain the organization at its current level. We are currently looking for funding to train more personnel in these specialized areas such as shipboard fire-fighting and heavy rescue and

other hazmat areas, as well as to update and expand our current radio system to cover an even larger area.

And we are also working with the State of Texas for providing an indemnification agreement among the State to where if this—if we have to go anywhere else in the State, it would cover us and take care of our personnel.

So I am happy to be with this group. And we do work very closely with the Coast Guard and the port on these areas.

Thank you.

[The prepared statement of Mr. Pipkin follows:]

PREPARED STATEMENT OF SAM PIPKIN, CHAIRMAN, CHANNEL INDUSTRIES
MUTUAL AID (CIMA)

Channel Industries Mutual Aid (CIMA) is a mutual aid cooperative, which has as its main objective that of emergency preparedness and response. The organization shares fire fighting, rescue, hazardous material handling and emergency medical support between its member organizations in the refining and petrochemical industry and municipalities in the Houston Ship Channel area.

While CIMA itself does not deal with the maritime transportation of hazardous materials some of our members do on a day-to-day basis. It is because of this that the organization has the ability to provide the expertise should an emergency develop with a hazardous cargo on either the waterways or roadways.

CIMA's role since the September 11, 2001, terrorist attacks on the U.S. remains unchanged, although it regularly reviews security issues as they relate to emergency response incidents that could involve CIMA. The safety of emergency responders, plant personnel and the public is CIMA's highest priority.

After the terrorist attack, due to its vast networking capabilities, CIMA did serve as a focal point for bringing together both the Security and emergency response personnel in the ship channel area. Since that time the East Harris County Manufacturers Association (EHCMA) has served as the coordinator for the security activities of area industry.

Since it was formed in 1955, CIMA has maintained close working relationships with industry, municipalities and government agencies, including the FBI, U.S. Coast Guard, Port of Houston, Harris County Office of Emergency Management, Local Emergency Planning Committees (LEPCs) and local police and fire departments. CIMA is well connected with these and other organizations that could come into play in the event of a CIMA-caliber incident. Communications are open and ongoing—contact lists and 24-hour access numbers are regularly updated and shared.

The success of CIMA is its pool of highly trained and skilled responders from the 100-plus industry member companies and area governments coupled with a well-maintained pool of more than 200 pieces of specialized equipment, including rescue trucks, foam pumpers, ambulances, command vehicles which are contributed individually by the member organizations and a sophisticated radio system that can cover 500 square miles.

CIMA responders continue to hone their skills through regularly scheduled classroom and simulated emergency training, drills, planning exercises and post-incident reviews. Its charter of providing cooperative assistance and expertise in an emergency—natural or man-made—is unaffected by the events of September 11. However, like so many others, CIMA goes about its business with a keener awareness of preparedness than before September 11.

CIMA is currently working with the Texas Forest Service on the State Emergency Response plan Annex F Appendix 5 which deals with multiple industrial emergency situations in one area or state wide at the same time. Another concern that CIMA has is that as member companies downsize their organizations we are also adversely affected because of the loss of trained personnel in particular skill areas which are necessary to maintain the organization at its current level. We are currently looking for funding to train more personnel in specialized areas such as shipboard fire fighting and heavy rescue as well as to update and expand our current radio system to cover an even larger area. We are working with the state to provide indemnification for Mutual Aid organizations that are asked to assist in other areas of the state.

More information about CIMA is available at www.cimatexas.org.

Senator BREAU. Thank you very much, Mr. Pipkin.

And I thank all members of the panel for their testimony and for being with us. You have been very helpful, and the ideas and information that you have provided are very, very important.

Let me give you an example of the magnitude of what we are talking about in this port or the Port of New Orleans or a number of other ports when you are dealing with the products that you have here: Hazardous material, petroleum products, liquified natural gas, liquified propane-type of products that we have coming in here.

One medium-sized dead-weight tanker, or a 100,000-ton or 110,000-ton tanker, would carry as much of those materials in one ship as it would take a 70-mile-long train to carry the same amount, or a 90-mile-long convoy of trucks to carry the same amount of hazardous, potentially explosive materials—as one medium-sized tanker does coming into this port or the Port of New Orleans every day.

As another example, a medium-sized container ship can carry as many as 2,500 or more containers in one just medium-sized container ship. And you are trying to be the largest container port in the gulf; New Orleans is also trying to do the same thing. I mean these containers are growing, and it is going to be a bigger business, but this gives you an example.

One medium-sized container can carry up to 60,000 pounds, 30 tons, of the material in one container. If you compare that 60,000 pounds in one container—Tim McVey used 15,000 pounds of explosives to blow up the Federal courthouse in Oklahoma City. And one container can do as much as 60,000 pounds of explosives. If someone wanted to stick that in the container, instead of household goods, and that would be one container on one ship, and the ship may have 3,000 containers.

So the magnitude of the potential that we are dealing with is absolutely incredible, and that is why all of this is so important. This is serious, serious stuff. Now I will ask Captain Cook because he is local to the port.

Does the Port of Houston have in place a comprehensive security plan now?

Captain COOK. We do not, Senator. We have the bits and pieces, like Admiral Allen was talking about, that were constituted together and worked—the port worked well together for a variety of things, but we do not have a comprehensive security plan right now.

Senator BREAUX. If this legislation were to become law tomorrow and the Coast Guard were to be put in charge of developing a comprehensive plan, what would have to be done, in your opinion?

Captain COOK. Well, I think that the architecture that is actually laid out in your bill would build upon the success that we have had with the Oil Pollution Act of 1990 with the various area committees, the Coast Guard Federal on-scene coordinator, versus the Federal Maritime Security Coordinator. Those types of titles would be interchangeable. I think the way the port community looks to the Coast Guard for leadership as far as environmental safety and security would very naturally fit into that role. So——

Senator BREAUX. Any idea how long such a plan would take to put into place and develop?

Captain COOK. I was stationed at another port when the Oil Pollution Act of 1990 became effective and we tried to implement it in 1992. And it was my experience in the Port of Norfolk that it took about 3 years before the real inter-connectivity that was needed to move forward was in place. But right from the get-go, you know, the essential ingredients of meetings and discussing priorities were taking place.

So I think it would be shorter because we have experience now, but I think we would probably be looking at a year before we would be looking at a real forward-moving group.

Senator BREAU. One of the things that gives me as an outsider looking in a sense—although I am on the Committee that has to write the legislation but am still an outsider—is that the biggest threat is not so much the Captain of a ship coming in doing violence to the port, although that is a potential—you know, one tanker coming in with liquid propane gas headed for one of the facilities on the shore with the intent of doing violence would be very, very dangerous indeed.

But I think that with the River Pilots and the sea marshals on the decks escorting those ships in, that risk is a lot less. The thing that gives me greater concern is a similar type of situation that happened with the USS Cole, a NATO vessel or a military vessel, at anchor in a port where a very small vessel pulls up alongside of it—a very small vessel—and blows a huge hole in the side of the ship, and killing American sailors.

If that same incident occurred next to a 3,000-person passenger ship or, worse than that, a ship with hazardous material in it, the consequences would be catastrophic. Therefore I feel very strongly that controlling access to the port, knowing that you have to have access and entrance and exit is the nature of a port, but—the importance of knowing who is in the port at any one time is incredibly important.

Now, I looked at the vessel traffic system in New Orleans. You have a vessel traffic system here, but it is not automated, and you—it is covered by radar, line of sight, observation, I guess, and what have you. It would seem to me that you would lose knowledge of where some of these vessels are at some time while they are in the Port of Houston. Right?

Captain COOK. Well, Senator, we have both radar and television cameras. So especially in the riverine section of the ship channel that you were in today, we have nearly 100-percent television coverage in that area. And like I—we had an earlier discussion about the communication aspect with the Pilots. That is—really our biggest ticket to visibility of the ship is our continual communication with the Pilots that are on board and the required check-points. And the communication that takes place allows us to know where it is, in addition to our electronic tracking through radar and TV cameras.

Senator BREAU. But if a Pilot lost control of the bridge, he wouldn't be talking to you?

Captain COOK. That is right, sir.

Senator BREAU. I think it is important that we have a system that has the ability to look into an automated system that shows you the steer of the ship, the direction of the ship, where it is lo-

cated when it is anchored, as well as coming into the port and out of the port. We have an international maritime organization agreement that is going to require transponders on ships coming into ports. The last phase of those transponders is not until the year 2007.

And a transponder on board a vessel would allow a traffic safety system to see that vessel coming in every time it hits the Port of Houston and track it when it is anchored, as well as when it is moving. And it would be able to indicate on that system the cargo, the crew and just about everything you need to know about that ship. Every airplane that lands at Hobby or every airplane that lands at Intercontinental, regardless of its size—it could be a Cessna 150—has to have a transponder in it. And it is going to call on the airport.

We have cars with GPS systems on them. For the life of me, I cannot understand why we cannot require that a ship loaded with hazardous material perhaps does not have a relatively simple transponder on it to let the port authorities know where it is at all times while it is moving and while it is sitting in port. Would that not be helpful?

Captain COOK. Yes, sir. We look forward to the automated information system, whenever it is implemented. And we would look forward—

Senator BREAUX. Well, 2007 is too late, and we cannot wait that long. Let me ask about the—some other things I had. Let us see.

On the port, Jim, do you have what you would consider to be limited access to the port whereby every person coming in is stopped and every truck is required to identify itself in some fashion?

Mr. EDMONDS. Yes, sir.

Senator BREAUX. How does that work?

Mr. EDMONDS. We have had gate security all along for port properties. Since 9/11, we have enhanced our security at the gates, we check cargos inbound and outbound, we have increased our patrols by about 35 or 40 percent, we have spent more time patrolling our fence-lines, and we have stationed people in our facilities around the clock. So we have done the best we can with the manpower we have. We have—

Senator BREAUX. Well, when a truck hits the gate at the Port of Houston—

Mr. EDMONDS. Yes, sir?

Senator BREAUX [continuing]. What ensures for your benefit or the port's benefit that that truck is supposed to be in the port?

Mr. EDMONDS. If it is a container, for example, the officer checks the bill of lading and walks around to the back of the container and actually visibly checks that bill of lading that is posted on the back of the container and verifies then the best he or she can that that is what is in that box.

Senator BREAUX. Mr. Hinton or maybe one of you gentlemen talked about how what is on the ships is obviously very important. And you get a cargo manifest. But an awful lot of the time, I mean, you will have an FAK destination, Freight of All Kind, general cargo.

Mr. EDMONDS. Yes, sir.

Senator BREAU. I mean, that cannot be very helpful in letting you really know what is on that ship. If I wanted to do violence, I would just put "Freight of all Kind" on every document I would submit to you, and you would not really know what "Freight of all Kind" means, would you?

Mr. KICE. If you are lucky enough to have serviced that steamship line before and you have had that experience, you might know some of it. But you have an exposure there for those new customers, new people, coming in that you have never serviced before. You might not have an historical base for it. So yes, you would have difficulty with that FAK.

Senator BREAU. OK. One other point, and then I will turn to my colleagues. Some of the ports that we have seen have zones—security zones that are established around high-interest vessels and have an absolute prohibition of anybody coming up alongside that vessel while it is traversing through the port, while it is anchored at the port and what have you. We do not want little vessels coming up to a cargo ship just to look at how big the ship is, or worse, going up to a passenger cruise ship to try to see who is on the ship, because we do not know what they are doing there any more.

And, you know, they may be harmless and just visitors, but they may be something else. So do we have—

Admiral maybe you can tell me about it. But do we have—I saw an awful lot of big ships out there. And I am not saying you—we are any better in New Orleans, because I do not think we are. But some of them are pretty volatile ships. I did not see any little vessels around any of those ships saying, "Stay away from this boat."

From the standpoint of the harbor police or the sheriff's deputies or the Coast Guard, I did not see any single vessel monitoring access to those vessels that were in the port today. Is there?

Vice Admiral ALLEN. I will take a shot and let Captain Cook follow up. The Coast Guard has the statutory authority to establish security zones around vessels and around facilities from anything that might become a threat to the port itself. Once those security zones are established, they can be enforced, and they carry criminal and civil penalties associated with them.

The problem with any security zone that you establish is that it is only effective if you can enforce it, you know, if there is a cop on the beat, if you will, to step in and say, "Leave the zone or you are going to be arrested," or, "You are subject to the seizure of your boat." So we do have the statutory authority to create those zones. The question is: Do you have the resources to enforce the zone. Just like with putting up a "No trespassing" sign, if there is no police officer there, it will be willfully violated.

Now, they have security zones in the Port of Houston, and I will let Captain Cook address those. Some of those absolutely restrict small boats from coming around certain sensitive areas of the port and certain sensitive facilities, but it is not 100 percent.

I would make the comment, though, that it gets back to what we talked about earlier, and that is that all the stakeholders in the port bear some responsibility for throwing resources at this problem. And to the extent that their facilities are on the waterways and there are vessels calling, there is some inherent responsibility for organic protection in addition to what the Coast Guard can put

out there in establishing security zones. And I would pass it to Captain Cook now.

Senator BREAU. Well, let me ask that question after I hear about what we are doing here. But other than the Coast Guard, what other law-enforcement vessels do we have in the Port of Houston?

Vice Admiral ALLEN. Well, in Houston, I think we have——

Senator BREAU. No. I am asking——

Vice Admiral ALLEN. Oh. I am sorry.

Mr. EDMONDS. We have no—the Port Authority has none. We have fire boats, but we have no law——

Senator BREAU. You have no harbor police?

Mr. EDMONDS. No, sir.

Senator BREAU. You have no sheriff's deputies?

Mr. EDMONDS. Not on—we have sheriff's deputies that have water capability, but they are not on a regular patrol basis.

Senator BREAU. Captain.

Captain COOK. Just a follow-on from the security zone question, sir. The riverine section in the highly industrialized section of the Houston Ship Channel is a security zone, as well as the Port of Texas City. And we picked—those very highly industrialized areas are prohibited—through my authority as Captain of the Port, recreational vessels and fishing—recreational fishing vessels, also, from using those waterways.

We have random patrols, where we try and target the—where we think the highest risk is in and around the LPG-handling facilities and some of the other petrochemical facilities, but we are not there 24 hours a day. We have gotten reports of pleasure boaters in these security zones. And we have an immediate-response boat ready to go 24 hours a day, and they have gone out and challenged the owners of the boat. And in almost every case, people just were not aware that that had become a security zone, despite our efforts to advertise it.

But we have not solved the problem, Senator, of how to make this iron-clad. And we just depend on all of the different eyes and ears that are out on the channel looking for anomalies, knowing clearly that those areas are now off limits to pleasure boaters and small fisherman, and reporting that to us so we can take action.

Senator BREAU. But you do not have the personnel now to do that?

Captain COOK. We do not have enough personnel to be out there 24 hours a day, sir.

Vice Admiral ALLEN. Mr. Chairman, in many instances right after 9/11, we surged and actually put a 7-by-24 presence in many ports around the country. And we got into a problem of sustainability. When it gets to the issue of all-hands-on-deck for general quarters, the longer you stay there, all of a sudden, you start to attrit your long-term capability. And we have had to back off from that.

So within the resource base we have got, we are out there addressing the problem and are responding to insurgence of the security zones, but right now, we are not resourced for a 7-by-24 presence.

Senator BREAU. You cannot do it by yourself. Now, the purpose is to help, I mean, and every port has got the same type of concerns about, "This is a new world we live in." And it has got to be looked at differently because the risk is substantial if we do not, you know, do everything we possibly can.

And I think this legislation is aimed at helping. It is aimed at helping by providing financial resources and guidance, to allow ports to do things that they cannot afford to do now or did not think that they should be doing up until 9/11.

So we are all in this together. I mean we do not know all the answers, certainly, in Washington. And we want to hear from you and hear where the holes might be in these security zones and then figure out what we can do to help you solve the problem. And we are all in it together, and we have got to solve the problems together.

Senator HUTCHISON.

Senator HUTCHISON. Well, thank you, Mr. Chairman. I would like to turn to an issue that I think is unique to the Port of Houston, and that is the hazardous materials and the chemical materials, that are unique here because of our chemical complex, and ask Mr. Pipkin if the volume of hazardous materials entering and exiting the Port of Houston has changed measurably and which way after September 11.

Mr. PIPKIN. I do not—I really cannot answer that question for you, Senator. I would have to, I guess, turn to Chairman Edmonds to see if he could answer that, because I am not sure about that answer.

Mr. EDMONDS. I can answer that, Senator. I know that from the Port Authority standpoint, our volumes are off about 7 or 8 percent this year. And as was mentioned earlier, most of that is in steel.

Senator HUTCHISON. Well, let me just ask Mr. Pipkin, and perhaps anyone else could jump in, as well.

What do you think specifically needs to be done to improve security for hazardous cargo, as opposed to general cargo? What can we do specifically to put the added safeguards on that type of cargo so that everyone will feel more secure?

Mr. PIPKIN. From an emergency response standpoint, like Mr. Kice said, it is the MSDS sheets being available, because that is basically—

Senator HUTCHISON. To know what is in there?

Mr. PIPKIN [continuing]. What my group deals with is emergency response, to know what is there and what is in the ship or what is in the container as it comes in and out.

Senator HUTCHISON. What about tougher standards for identification of personnel, like the biometric technology that we are talking about using at airports? What about a higher standard for licensing for carriage of hazardous materials or security clearances? Is there anything like that, that could be added specifically for hazardous materials that is not being done now?

Mr. KICE. I think the bill addresses many of those points with the heightened security-sensitive areas. And I would consider, you know, a hazardous material to be part of that concept because we already—as the terminal operators, we do that. This—and our longshoremen—the company longshoremen will do that.

If we have a general container that comes in and it is a general cargo container but he sees a placard on the side, he is naturally just going to put a little bit more effort into it, be a little bit more aware of the entire thing.

Senator HUTCHISON. But nothing specifically coming from your industry that would be suggestions that we should follow?

Mr. KICE. I think the new technologies of X-rays and that type of thing would be really the advantageous way of doing that. And I do not want to be—but we do not want to open up every container—at least from private industry's side—because, when you open up a container of hazardous materials, you are usually exposing more people to it. And you are exposing—the more you handle anything, the more chance you have got of—how can I say it without screwing it up.

So we do not want to do that. I think the aspect of the higher technologies, the X-rays, the gamma machines, the sniffing-type things, the bomb detections—that type of aspect is really appropriate for this type of activity.

And the other thing is: We currently do many, many different functions with hazardous materials. The Coast Guard and Customs—we are doing inspections for different aspects. Build in a higher degree of this safety, as we do in our normal course of business. That will—if nothing else, that would get the message out to the other people that we are watching it better, we are being more intensive, you know, and we are developing systems. And in addition to the higher technology, I think that would make significant improvements.

Senator HUTCHISON. In the private sector, have you seen a slowing of ingress and egress after September 11 because of heightened security? Has that been a problem?

Mr. KICE. Do you mean like coming into a terminal—in and out of a terminal?

Senator HUTCHISON. Yes.

Mr. KICE. Miami had at one point an hour delay just driving from the—over the bridge by people driving into the port. Yes, there has been some activity like that. It has been cleaned up. In Newark, we had a high degree of slowness coming up immediately thereafter. It is improving now; the people are more comfortable with the heightened awareness. And with that come the systems that are set up, and people are more tolerable and understanding what is going on, just the same as—like with the airports, I think.

When I started flying at the end of September, it was long, long lines. The lines now are much shorter because we have learned how to do things better.

Senator HUTCHISON. Mr. Edmonds, do you see that as particularly unique to the Houston Port?

Mr. EDMONDS. Before I try to answer that question, I was handed a note to answer your first question. There has been a small increase in hazmat cargo since 9/11, not a decrease.

Senator HUTCHISON. OK.

Mr. EDMONDS. I think part of what has to be considered here is the comment the Chairman made earlier, that no two ports are the same, the comment that you are making here. I am proud that since 9/11, we have not had an interruption in service in the Port

of Houston. All cargos have come, and they have gone. That is important to us because of the \$7.76 billion we put into our local economy and the 205,000 jobs that we generate annually.

So the balance has to be struck on how we make these ports safe and how we do the administrative and technological things to make sure that we have safe cargo and the ability to maintain that safety without interrupting the economic flow.

At Barbour's Cut, the U.S. Customs does have a gamma-ray machine. It is somewhat of a tedious process, but it would be nice to have two or three more of them; it is a very thorough way to find out what is in those containers, you know. But that is a manpower and funding issue, again.

Finding ways to have other kinds of technological capabilities, I think, is something we have to do. It is just like going in an airport now; it is a little slower process.

Senator HUTCHISON. Well, one of the things that we are going to need to know before we finalize our Homeland Security Program is: What are we going to need in added machinery and in Coast Guard manpower?

I was going to ask the Admiral if the Coast Guard is preparing a Homeland Security plan that would address the issue of added personnel. We were just talking about having to back off of your 24-hour capabilities, but added manpower would certainly bring back the optimum security standards.

So, are you preparing such a plan?

Vice Admiral ALLEN. Yes, ma'am. Let me comment on that, but let me first make a comment on queues because I think it is important as a follow-on.

Since 9/11, we are issuing daily situation reports out of our district offices. And one of the things we are trying to track is how long we are holding up vessels to put either sea marshals or boarding teams on them, because there is a real impact on them.

We closed the Port of New York on Tuesday, 9/11, and we reopened it on Thursday. At that point, there were 10 days left of heating oil in Albany, New York, and only a couple of days left of refined products up in the Northeast. So we know that when you increase security in a port, there is also an effect on the economic flows. So we are tracking that, and we are mindful of that and how we are managing business on a day-to-day basis. So getting those queues down is very, very important to us.

In looking at where we need to be in long-term plans for maritime security, the Commandant has used the term, and I have heard it repeated in the room here a couple of times today: What is the new normalcy? What is that new standard of care that we need in ports for port security?

And a lot of it has to do with, do we go from being just a boat-house down in Galveston with a boat that can respond to SAR—what we call a B-zero boat that is just standing by ready to go—or do you want to increase that presence: the cop on the beat that is available to enforce the security zones and so forth? We are working with the Administration on a multi-year plan to do that.

One of our problems is: If we are given resources today, it is very difficult to grow the Coast Guard fast because, the way we access officers and enlisted people, there is a limit to how quickly we can

grow. That has been taken into account, and that has been factored. And we are working with the Administration right now.

One of the most important things that happened for us was the relief that we got in the supplemental, the \$209 million, that allowed us to sustain the reserved funding we had this year. We have looked forward to in the second half of the year being able to sustain that, also.

But we are working on a multi-year plan that will be factored into the overall transportation strategy. We will include what the Transportation Security Administration is going to be involved with, too. And I might add that there is going to be a directed effort by them on containers.

Senator HUTCHISON. Just a last follow-up question. I would assume that you are looking at technology. One of the great things about the Houston Port, it seems to me, is the limited access.

I do not know if other ports are more complicated, but with just a few access points into a secure area, surely technology would save you from having to have as much manpower. It would at least be a manpower projector so that if you heard the bell go off of an unauthorized, unregistered ship, you could send someone out, but you would not have to have someone on patrol until you heard the sound.

Vice Admiral ALLEN. You make an excellent point. The term we use is Maritime Domain Awareness; it is understanding what is out there. And when you get to the point where you are having to respond to an incursion to a security zone or you get into consequence management like we were in 9/11, you have already lost the game to some extent.

My admiral's definition of consequence management is, "The sum of all failures." You have got to get further out ahead of that curve, and if you have got to get to the point where you are embarking containers someplace in Europe and you are ensuring at that point that they are loaded correctly and you are creating some kind of a technologically-advanced electronic bond system that can verify the integrity of that container and, also, track it where it is going, that is how you are going to address the problem.

Senator HUTCHISON. Well, that came up today when we were on our tour, as well. It should be fairly easy to know if a ship is telling you the truth when they tell you where their last port was if you have an embarkation information-gathering system or exchange of information or some way to verify. If a ship tells you their last port was Rotterdam but you don't verify it and it was really Somalia, then you would want to know that and be able to verify it, which should be fairly simple.

Vice Admiral ALLEN. Those protocols and technology exist in the aviation world today, and there is no reason they cannot be transferred to the maritime sector.

Senator HUTCHISON. Thank you.

Thank you, Mr. Chairman.

Senator BREAUX. Thank you.

Congressman Lampson.

Representative LAMPSON. Mr. Chairman, I will take just a minute to cover a couple of relatively small points.

Sam, you made the comment about the need for paper to understand what might be—and know quickly what might be on a ship.

Mr. PIPKIN. Yes.

Representative LAMPSON. With the use of GPS and transponders and that kind of technology, would not that be even more readily available than having to print out a piece of paper from someplace? And you could get it from whatever facility you wanted to look at it.

Mr. PIPKIN. Exactly.

Representative LAMPSON. And that capability already exists and is in place in some branches of the military. Would GPS—and I guess Mr. Trotter is probably the one to ask.

At what point might it be feasible for us to put GPS on every container?

Mr. TROTTER. Well, I think we are a lot closer to that than we used to be. A problem with GPS now, for example, Lo-jack vehicle tracking system—everybody understands what that is—with cars, stolen cars. And if you have been to Miami, you know how many cars get stolen and get shipped through those ports. And that is a concern of ours. We are interested in stolen cars that are going out of the ports.

But the problem is—when you get it into a big container yard and you literally have thousands or tens of thousands of containers, it is not nearly enough focused now so that you can go and say, “It is in this container.” You may know it is in a 300-yard radius—well, that may be OK for a cop who is chasing a car down the road. He may say, “Well, yes, that is my car.” But when you put it in the arena that we deal in, on vessels or in container yards, it has to be more narrowly defined.

We are working on instances to do that. We have some undercover techniques that permit that to be done today, but it is very expensive. And it has not yet gained as wide applicability. But as things are now, the more technology is built and they get cheaper, I think we could reach that. And that certainly is one of the goals that Commissioner Bonner has talked about in his supply chain: Know what gets stuffed in that container in the foreign ports, and know what comes out at our end.

Also, Congressman Lampson, I just would say that Secretary O’Neill—Treasury Secretary O’Neill has made it very clear to us that we need to be concerned about the trade of and the commerce of the United States. So I think you have heard that from everybody up here. That is definitely a concern of ours. We want to be thorough, but we want to move the commerce of the United States.

Representative LAMPSON. Is NASA working on any of that technology?

And would you, Mr. Chairman, comment on what NASA did do for the Port of Houston in trying to help you better control and keep access to ships coming into the port? Has NASA been—

Senator BREAU. I do not know that.

Mr. Kornegay, can you answer that question?

Mr. KORNEGAY. Yes, sir, I can. We are working with NASA on the low-visibility capabilities.

And NASA does have the technology you are talking about, Congressman, where they put an instrument on the ship—actually, the

Pilot puts it on board the ship. It is about a 15-pound computer, and it tells him the exact position of the ship and the heading of the ship so that he knows where he is at all times. We also need the transponder information so that he can see the other ship coming from the other direction.

Representative LAMPSON. Thank you. That has got to be developed more. And we have had a wonderful asset in NASA that is working on it.

And one final point for the Coast Guard. Is there not a mandate to create a guideline for our ports to use in developing security procedures? Either the Department of Transportation or the Coast Guard has—

Senator BREAUX. This legislation will do that. I do not know if there is anything in existence now.

Representative LAMPSON. I thought that there had been some requirement.

Senator BREAUX. I do not know.

Representative LAMPSON. OK.

Vice Admiral ALLEN. For some portions of activities in harbors, they are planning guidance and protocols that have been set up. What is interesting is that our captains of ports currently have the statutory authority to do this, but the statutory authority they have would allow them to create a solution in their own ports. The intent of the legislation and what you really need is a level playing field across all the ports in the country so you are doing it the same way instead of creating economic disincentives.

Representative LAMPSON. Thank you, Mr. Chairman.

Senator BREAUX. Thank you, Nick.

And, Kay Bailey, thank you for making our Subcommittee visit a very productive one. I think that what we have heard today has been helpful. I mean, again, I think that the focus of what we are trying to do in the Congress, the House and in the Senate, is to be partners with the ports. And every port is different, and every port has different requirements and different needs.

I would imagine that while the comprehensive security plans that will be developed will have a great deal in common, there will also be a need to the port that it applies to, because they all are very different in terms of what you need. There are financial needs that you have that are not going to be able to be handled, I think, by the individual ports without some Federal involvement; our legislation does do that, and I think that is another important statement, as well.

We have gotten some good ideas here, you know. And I think that you are indeed a great port here in the Port of Houston, and we want to continue that reputation and be helpful and be partners with you to the extent that we possibly can.

With that, this will conclude the Subcommittee on Transportation's hearing.

[Whereupon, at 3:20 p.m., the hearing was concluded.]

APPENDIX

PREPARED STATEMENT OF GEORGE E. DUFFY, PRESIDENT AND CHIEF EXECUTIVE OFFICER, NAVIOS SHIP AGENCIES INC.

My name is George E. Duffy. I am President and Chief Executive Officer of Navios Ship Agencies Inc. We operate in multiple ports throughout the United States (East Coast, Gulf, West Coast, and the U.S. Great Lakes). Our company represents over 300 vessel owners, operators, and charterers located worldwide. We handle general cargo; steel; dry bulk cargo; oil and chemical vessels, and we also handle both imports and exports. We deal with all U.S. Government agencies that are involved in the shipping and movement of both imported and exported commodities.

With the testimony yesterday, you have heard from the U.S. Coast Guard, U.S. Customs, U.S. Immigration, Border Patrol, as well as the F.B.I. and the Port of New Orleans on the need for increased security at our ports. I want to go into a little more detail because I feel the bill that you have helped author does not have sufficient funding to allow these agencies to properly perform their new mission.

There must be one central coordinating agency. It is my recommendation that it should be the U.S. Coast Guard. The U.S. Coast Guard has already implemented the 96-hour Vessel Arrival Notification, and is feeding that information to U.S. Customs, U.S. Immigration, F.B.I., and other Federal agencies. This information must also be made available to the local ports' authority and other local agencies on a need-to-know basis. This will prevent duplicate reporting, and it will centralize and standardize the information required to be submitted.

Even with the present 96-hour notification, many U.S. ports have established additional requirements. They have different restrictions on vessels and/or barge movements. This needs to be standardized so that we have one law, one informational reporting format, and that all ports subscribe to that program.

Another area of concern is the communications issue. All of these agencies need to have communications (radio, telephone, and computers) that operate on the same program and frequencies. This system will not work if these agencies (Federal, state, and local) cannot talk to each other or access Ecom data. In the past, in the New Orleans area we found that emergency response units, Police, Fire Departments, EMT's and other local and Federal Government agencies during practice exercises could not communicate with each other. Jefferson Parish, St. Bernard Parish, and Orleans Parish were all on different radio frequencies. The U.S. Coast Guard operates on marine frequencies. Most of the local agencies including the Harbor Police do not have that availability. The Harbor Police of the Port of New Orleans have two (2) vessels, a fire rescue boat and a small harbor patrol boat, which have marine communications. But, the officers patrolling the harbor area do not have marine radio availability. Therefore, additional equipment must be purchased to give the agencies the tools that they need to help secure the port area.

The U.S. Coast Guard, U.S. Customs, U.S. Department of Immigration, Border Patrol, and the U.S. Corps of Engineers have all been subjected to serious cutbacks over the past decade. Insufficient equipment, manpower shortages, and antiquated technology must be overcome rapidly. We feel that the funding of Senate Bill 1214 is way short of what is needed to bring these Federal agencies up to a ready position to prevent terrorist activities.

The U.S. Coast Guard's sea-marshall program needs to be expanded. This can only be done by increased manning to the 8th Coast Guard District. This problem is not isolated to New Orleans; it is a national problem. You may have heard of the incident whereby the U.S. Border Patrol moved 200 agents from the Canadian boarder to the Mexican boarder to fill gaps in that area. This created additional burdens on the Northwestern states. To fill these gaps, the states had to employ the National Guard to protect this country. This is why this is so critical. I know it is very difficult for these agencies to be straightforward, but we all know and deal with them. They do an outstanding job with the minimal resources they have at hand.

The U.S. Congress has mandated the Vessel Traffic System for the Port of New Orleans. This is not mandated for all U.S. ports. The transponder system has not reached the technology level required. I want to point out to you that the portable transponder weighs 18 pounds. There is also a need for a laptop computer, which adds extra weight. This may be an interim solution for ocean-going vessels, but this, again, would be port specific. The transponder must be mandated for all vessels operating on our waterway system. This includes tugs, push boats, crew boats, supply boats, and commercial fishing boats. This is the only way this system will work effectively.

We have seen numerous problems with transponder technology. It does not provide the information that was referenced yesterday (vessel name, cargo, etc). IMO standards must be supported so that this transponder will be universal and operating in all U.S. and foreign ports.

I know that the offshore industry has taken a position that their vessels should not be required to have these transponders. The deep draft vessel interests disagree. If we do not know where these vessels are, it presents a serious threat to the ocean-going vessels, and does give us full VTS coverage (VTS is designed as an Aid to Navigation). Thence, the VTS system fails. An example of this would be that if someone loaded an offshore supply vessel (no transponder) in Venice and sailed into Southwest Pass and then steered itself into the side of a large tanker or chemical carrier. We would now have a major catastrophe with insurmountable damage to the U.S. economy with a potential complete closure of the Mississippi River. This would be similar to the incident with the USS Cole.

This would be a very easy and simple scenario to look at, and without VTS, the offshore supply vessel would not have been identifiable. Without the required transponder, neither the Coast Guard nor the River Pilots would know where these vessels were located. We fully support a VTS system, but, once again, it has to be mandated to all shallow draft and deep draft vessels for VTS to be an aid in fighting terrorism.

In reviewing Senate Bill 1214, we find that this bill contains new rules on documentation and requirements of the shipping agents, freight forwarders, brokers, owners, operators, and charterers of vessels. The language in the bill is directed mainly toward export rather than import. We feel the most serious terrorist threat that could come would be from imported cargo. Besides vessel hijacking potentials, we feel that containers will provide the most accessible form for smuggling terrorist materials. Expertise is needed from U.S. Customs, U.S. Customs Brokers and Freight Forwarders, and the maritime interests to ensure that proper documentation and present laws established by U.S. Customs are not amended to the point of being unworkable. The present system works well. One of the major problems has been the cutback of U.S. Customs' manpower related to marine vessel activity. The number of U.S. Customs' port inspectors has been greatly reduced over the past ten (10) years. The documentation required for the vessels (manifests, Bills of Lading, commercial invoices) flow to U.S. Customs in the entry in the cargo process of cargo. Moving up the timeframe for reporting may cause serious problems on short voyages. Documentation is made in the port of origin and then sent by courier to the U.S. port agents/Customhouse brokers to initiate the cargo process with the present U.S. Coast Guard's 96-hour reporting cargo information is provided.

All vessels carrying hazardous materials must have a hazardous cargo manifest. That is filed with U.S. Customs as well as with the U.S. Coast Guard. With respect to all documentation, there still leaves the potential of misrepresentation. This is where U.S. Customs and other intelligence agencies and maritime's experience will play a vital role. Well-established reputable and honest shippers and receivers of cargo can be impacted because of lack of security at foreign ports. Your emphasis on the "superport" program is where our first line of defense must be established. Cooperation with foreign government, their security forces and their port authority is absolutely essential in defeating the terrorist threat by vessels and/or containers or other cargo carrying equipment placed on board vessels. This is where we need to start immediately.

Containers could be scanned in foreign ports prior to being loaded on a vessel to ensure that the content of that container is what is listed on its Bill of Lading, and then eventually on its manifest. In turn, U.S. Customs can do a secondary scanning at the first port of arrival with their new VACIS system. As you well stated yesterday, less than 3 percent of our inbound containers are inspected. U.S. Customs does not have sufficient VACIS units or manpower to accomplish these objectives.

The maritime industry supports changes in the present laws for the security of this country. The problem arises when the changes are overly burdensome, and will not effectively produce the end results that you and Congress are striving for.

U.S. Coast Guard and U.S. Immigration/Border Patrol are important parts of this security picture. Once again, they are under-funded, and do not have adequate manpower or equipment to comply with the mandates from this proposed law. We feel that the dollar value that you have assessed for these agencies falls drastically short of what will be needed to make them effective.

In the hearing yesterday, you asked Admiral Casto and Captain of the Port, Stephen Rochon, about security areas around sensitive vessels. Their response was that they have not been imposed, and the main reason was that they do not have the equipment or manpower to enforce them. I agree with them, but I also wanted to alert you to some of the things that have been imposed by the terminals along the river regarding the required stores and spare parts for vessels. Prior to September 11th, we could deliver by truck across the facilities berth, spares and stores, which included food that are supplied by the local ship chandler in this area to the vessels. Numerous spare parts are flown in to be delivered to the vessel, and these come in all sizes. A number of facilities now are prohibiting the delivery across their docks. Therefore, the owners and vessel operators now must deliver by launch service to these vessels while berthed at the facilities. If restrictive zones are implemented, this must be taken into consideration. There is also the delivery of fuel (bunkers), diesel oil, and water by barge to these vessels while berthed at these facilities. These must also be considered prior to imposing restrictive zones.

You spoke about closure of the Port of New Orleans for security purposes. The main port area is secure. The problem arises in other: areas where the river area is open for tourism and recreational activities. The Riverwalk, Moonwalk, Waldenburg Park, and paved levee systems along the river are all open to the public. These give an open access to the Mississippi River and the bridges that cross the river, the terminals and facilities, vessels, and barges. This provides a different problem to the local authority. Patrols along these unsecured areas need to be increased. This will help deter any attempt to strike a vessel from these unsecured areas.

In summary, we support your efforts, and stand ready to assist you on any areas that you may want clarification. We must accomplish our mission to prevent terrorist activity through workable and practical law changes and finances to the agencies assigned this task.

